

Planet Based Foods Global Inc.
Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2025 and 2024
(Unaudited)
(Expressed in US Dollars)

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of Planet Based Foods Global Inc. for the three and six months ended June 30, 2025, have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indication 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 Canadian Institute of Chartered Professional Accountants for a review of the condensed interim financial statements by an entity's auditor.

Planet Based Foods Global Inc.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in US Dollars)

| As at | Note | June 30, 2025 | December 31, 2024 |
|--|-------|--------------------|--------------------|
| | | \$ | \$ |
| Current assets | | | |
| Cash | | 1,847 | 1,543 |
| Sales tax receivable | | 26,240 | 17,275 |
| Prepaid expenses | | - | 2,558 |
| Total assets | | 28,087 | 21,376 |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | | 610,314 | 1,377,764 |
| Due to related parties | 10 | 108,362 | 332,722 |
| Short-term loans | 7 | 155,028 | 8,220 |
| Loan payable | 8 | - | 290,445 |
| Debentures | 9 | 175,176 | - |
| | | 1,048,880 | 2,009,151 |
| Non-current liabilities | | | |
| Convertible debentures | 9 | - | 159,538 |
| Total liabilities | | 1,048,880 | 2,168,689 |
| Shareholder's equity | | | |
| Share capital | 11 | 9,186,922 | 10,540,839 |
| Contributed surplus | 11,12 | 3,016,750 | 1,747,090 |
| Accumulated other comprehensive income | | (64,077) | (24,441) |
| Deficit | | (13,160,388) | (14,410,801) |
| Shareholder's deficit | | (1,020,793) | (2,147,313) |
| Total liabilities and shareholder's deficit | | 28,087 | 21,376 |

Nature of operations and going concern (Note 1)

Subsequent events (Note 16)

Approved on Behalf of the Board of Directors on August 28, 2025

"Claire Skillen" Director

Claire Skillen

"Blake Aaron" Director

Blake Aaron

The accompanying notes are integral to these condensed interim consolidated financial statements.

Planet Based Foods Global Inc.
Condensed Interim Consolidated Statements of Earnings and Comprehensive Income (Loss)
(Expressed in US Dollars)
For the three and six months ended June 30, 2025 and 2024

| | Note | Three Months Ended | | Six Months Ended | |
|--|-------|--------------------|---------------|------------------|---------------|
| | | June 30, 2025 | June 30, 2024 | June 30, 2025 | June 30, 2024 |
| | | \$ | \$ | \$ | \$ |
| Sales | | - | 9,823 | - | 272,786 |
| Cost of Sales | | - | (110,292) | - | (279,073) |
| Gross profit | | - | (100,469) | - | (6,287) |
| Operating expenses | | | | | |
| Consulting | | (44,216) | (225,211) | (68,082) | (464,827) |
| General and administration | | (4,032) | (28,799) | (4,117) | (64,424) |
| Professional fees | | (121,040) | (4,281) | (129,402) | (57,647) |
| Transfer agent and regulatory | | (16,062) | (6,523) | (22,567) | (31,093) |
| Advertising | | - | (1,753) | - | (28,227) |
| Depreciation | | - | (12,410) | - | (24,821) |
| Research and development | | - | (49,357) | - | (13,303) |
| Insurance | | - | (10,499) | - | (12,049) |
| Travel and related | | - | (2,035) | - | (2,532) |
| Total operating expenses | | (185,350) | (340,868) | (224,168) | (698,923) |
| Other income (expenses) | | | | | |
| Gain on deconsolidation of subsidiary | 6 | 1,496,471 | - | 1,496,471 | - |
| Gain on fair value of loan payable | | - | (2,355) | - | (2,355) |
| Interest income (expense) | 7,8,9 | (4,227) | (43,397) | (21,890) | (69,704) |
| Other income (expense) | | - | 7,248 | - | 6,448 |
| | | 1,492,244 | (38,504) | 1,474,581 | (65,611) |
| Net income (loss) | | 1,306,894 | (479,839) | 1,250,413 | (770,821) |
| Other comprehensive income (loss) | | | | | |
| Unrealized gain (loss) on foreign exchange translation | | (39,148) | 4,473 | (39,636) | (60,944) |
| Net income (loss) and comprehensive income (loss) | | 1,267,746 | (475,366) | 1,210,777 | (831,765) |
| Income (loss) per share, basic | 13 | 0.07 | (0.03) | 0.06 | (0.06) |
| Income (loss) per share, diluted | 13 | 0.06 | (0.03) | 0.06 | (0.06) |
| Share outstanding - weighted average | | 19,795,490 | 15,243,841 | 20,865,370 | 13,595,490 |

The accompanying notes are integral to these condensed interim consolidated financial statements.

Planet Based Foods Global Inc.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in US Dollars)
For the six months ended June 30, 2025 and 2024

| | Note | Number of Subordinated Voting Shares # | Subordinated Voting Shares \$ | Number of Multiple Voting Shares # | Multiple Voting Shares \$ | Contributed Surplus \$ | AOCI \$ | Deficit \$ | Shareholders' Deficit \$ |
|---|------|---|-------------------------------------|---|---------------------------------|------------------------------|------------|---------------|--------------------------------|
| Balance - January 1, 2024 | | 10,347,138 | 8,599,731 | 800,000 | 1,211,248 | 1,747,090 | (73,957) | (12,573,540) | (1,089,428) |
| Shares issued for cash | 11 | 10,000,000 | 729,860 | - | - | - | - | - | 729,860 |
| Net loss and comprehensive loss | | - | - | - | - | - | (60,944) | (770,821) | (831,765) |
| Balance - June 30, 2024 | | 20,347,138 | 9,329,591 | 800,000 | 1,211,248 | 1,747,090 | (134,901) | (13,344,361) | (1,191,333) |
| Net income (loss) and comprehensive income (loss) | | - | - | - | - | - | 110,460 | (1,066,440) | (955,980) |
| Balance – December 31, 2024 | | 20,347,138 | 9,329,591 | 800,000 | 1,211,248 | 1,747,090 | (24,441) | (14,410,801) | (2,147,313) |
| Balance - January 1, 2025 | | 20,347,138 | 9,329,591 | 800,000 | 1,211,248 | 1,747,090 | (24,441) | (14,410,801) | (2,147,313) |
| Share redemption on deconsolidation of subsidiary | 6 | (600,000) | (142,669) | (800,000) | (1,211,248) | 1,269,660 | - | - | (84,257) |
| Net income (loss) and comprehensive income (loss) | | - | - | - | - | - | (39,636) | 1,250,413 | 1,210,777 |
| Balance - June 30, 2025 | | 19,747,138 | 9,186,922 | - | - | 3,016,750 | (64,077) | (13,160,388) | (1,020,793) |

The accompanying notes are integral to these condensed interim consolidated financial statements.

Planet Based Foods Global Inc.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in US Dollars)
For the six months ended June 30, 2025 and 2024

| | Note | June 30, 2025 \$ | June 30, 2024 \$ |
|--|------|---------------------|---------------------|
| Net income (loss) | | 1,250,413 | (770,821) |
| <i>Adjustment for Items not Involving Cash:</i> | | | |
| Accrued interest and accretion on convertible debt | 9 | 21,891 | 49,083 |
| Depreciation | | - | 24,821 |
| Foreign exchange gain or loss | | 342 | 227 |
| Gain on deconsolidation of subsidiary | | (1,496,471) | - |
| Changes in non-cash working capital: | | | |
| Accounts receivable and other receivable | | (7,845) | (52,811) |
| Prepays expenses | | 2,613 | 33,164 |
| Inventory | | - | (223,928) |
| Accounts payable and accrued liabilities | | 87,090 | 245,414 |
| Net cash used in operating activities | | (141,967) | (694,851) |
| Cash flows from financing activities | | | |
| Net proceeds (payments) on loans | 7,8 | 142,178 | (150,928) |
| Proceeds from related parties | 10 | - | 65,087 |
| Net proceeds from issuance of shares | 11 | - | 729,860 |
| Net cash from financing activities | | 142,178 | 644,019 |
| Effect of foreign exchange on cash | | 93 | (31) |
| Net increase (decrease) in cash | | 304 | (50,863) |
| Cash – Beginning of period | | 1,543 | 55,054 |
| Cash – End of period | | 1,847 | 4,191 |
| Income taxes paid | | - | - |

The accompanying notes are integral to these condensed interim consolidated financial statements.

Planet Based Foods Global Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2025 and 2024
(Expressed in US Dollars)

1. Nature of Operations

Planet Based Foods Global Inc. (the “Company” or “PBF Global”), formerly known as Digital Buyer Technologies Corp.(“Digital”), was incorporated on February 18, 2017 under the *Business Corporations Act* (British Columbia). The principle business of the Company is to identify, evaluate and acquire an interest in assets or businesses.

The Company’s head office is located at Suite 2250 – 1055 West Hastings Street, Vancouver. PBF’s head office is located at 2869 Historic Decatur Road, San Diego, California 92106. The Company trades on the Canadian Securities Exchange under the trading symbol PBF.

A wholly owned subsidiary of the Company, Planet Based Foods Inc. (“PBF”), was incorporated on October 9, 2018, under the laws of the State of California, United States. PBF’s primary focus is development of vegan meat-analog based products, made primarily from hemp plant derived proteins. PBF utilizes co-packer relationships to manufacture and package its products for the wholesale market, including sales to restaurants and to resellers of Consumer Packaged Goods. PBF’s branding and trademarks include the acronym: H.E.M.P. “Honorable Ethical Moral Protein.” On April 2, 2025, as part of strategic restructuring, the Company executed a share purchase agreement with PBF and certain insiders of the Company (together, the “Purchasers”). As part of this transaction, the Company transferred 100% of the outstanding shares of PBF to the Purchasers in exchange for the surrender of their securities in the Company. As a result of the restructuring, PBF ceased to be a subsidiary of the Company. Refer to note 6 for details on the transaction.

Another wholly owned subsidiary, Planet Based Foods Europe Ltd. (“PBF Europe”) was incorporated on March 13, 2023 in England and Wales. PBF Europe has had no operation since its incorporation.

These condensed interim consolidated financial statements were approved and authorized for issue by the board of directors on August 28, 2025.

2. Going concern assessment

These condensed interim consolidated financial statements have been prepared assuming that the Company will continue as a going concern. However, as of the date of these financial statements, the Company’s ability to continue as a going concern is subject to significant uncertainty due to the following factors:

- **Liquidity** – The Company has no revenues in the current year as it ceased manufacturing operations and sale of hemp based products in the fourth quarter of 2025, as it restructures and re-aligns its operations towards new strategic vision and business model. As of June 30, 2025, the Company has an accumulated deficit of \$13,160,388 (December 31, 2024: \$14,410,801) since inception. The Company incurred a net income of \$1,250,413 during the first six months of June 30, 2025 which included a gain on the deconsolidation of subsidiary of \$1,496,471 (June 30, 2024: loss of \$770,821). The Company’s cash flow from operations is insufficient to cover its current obligations in the next 12 months from the date of these financial statements.
- **Dependent on external financing** - The continuation of the Company is dependent on its ability to achieve positive cash flow from operations, to obtain the necessary equity or debt financing to expand construction and operations, including continued support from its lenders, but there is no guarantee that such financing will be secured on favorable terms or at all.
- **Management’s plans** - In response to these conditions, management is undertaking a series of strategic initiatives to improve liquidity and financial performance. These initiatives include prudence in spending, actively invest in efforts to raise capital and build a new business and operating model. Management believes these actions will improve the Company’s financial position and enable it to continue operations for the foreseeable future.

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The condensed interim consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties. If the Company is unable to secure additional financing or achieve its planned strategic initiatives, it may be unable to continue as a going concern, and significant adjustments may be required to the carrying values of assets and liabilities.

Management monitors recent developments in relation to global tariffs and does not anticipate any material impacts on the financial position of the Company.

These conditions raise substantial doubt about the Company's ability to continue as a going concern for the next 12 months from the date of these financial statements.

3. Basis of Presentation

Statement of compliance

The condensed consolidated interim financial statements have been prepared by management in accordance with IFRS® Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis of measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments classified at fair value through profit or loss. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Basis of consolidation

These condensed consolidated interim financial statements comprise the financial statements of the Company and its wholly owned subsidiaries. Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity to obtain benefits from its activities. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intercompany balances and transactions are eliminated upon consolidation in preparing the financial statements. These condensed consolidated interim financial statements of the Company include the following wholly owned subsidiary.

| Name of Subsidiary | Principal activity | Domicile |
|--|---------------------------|-------------------|
| Planet Based Foods Inc. ⁽¹⁾ | Operating company | United States |
| Planet Based Foods Europe Ltd. | Holding company | England and Wales |

⁽¹⁾ Deconsolidated on April 2, 2025 (see note 6).

Functional and presentation currency

The condensed consolidated interim financial statements are presented in United States Dollar. PBF Global has Canadian Dollar as the functional currency. PBF, deconsolidated on April 2, 2025, has United States Dollar as the functional currency. PBF Europe, a holding company with no operations, has Euro as the functional currency.

Transactions in currencies other than an entity's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the prevailing exchange rate at the reporting date. Non-monetary assets and liabilities, and revenue and expense items denominated in foreign currencies are translated using the exchange rates at the dates of the initial transactions. Non-

monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Foreign exchange differences are recognized in profit or loss in the period in which they arise.

The assets and liabilities of parent company with a functional currency that differs from the presentation currency are translated to the presentation currency as follows:

- Assets and liabilities are translated at the closing rate on the consolidated statements of financial position date;
- Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated at the rate on the dates of the transactions) for the year or period presented;
- Equity transactions are translated using the exchange rate at the date of the transaction; and
- All resulting exchange differences are recognized as a separate component of equity as a reserve for foreign currency translation.

4. Summary of material accounting policies

These condensed interim consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board applicable to the presentation of interim financial statements, including IAS 34 Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual audited financial statements for the year ended December 31, 2024, which have been prepared in accordance with IFRS as issued by the IASB.

The Company uses the same accounting policies and methods of computation as in the annual financial statements for the year ended December 31, 2024.

Deconsolidation of subsidiary

The Company deconsolidates a subsidiary when it loses control over the subsidiary. Control is deemed to be lost when the Company no longer has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities, which typically occurs upon the sale or transfer of all or a controlling interest in the subsidiary.

Upon loss of control, the Company:

- Derecognizes the assets (including goodwill) and liabilities of the former subsidiary,
- Derecognizes the carrying amount of any non-controlling interests, and
- Recognizes the fair value of any consideration received and any retained interest in the former subsidiary.

The difference between the aggregate of the consideration received, any retained interest, and the carrying amount of net assets disposed, is recognized as a gain or loss in profit or loss, within “gain or loss on deconsolidation of subsidiary”.

Any amounts previously recognized in other comprehensive income in relation to the disposed subsidiary are reclassified to profit or loss or transferred directly to retained earnings.

When the Company receives its own equity instruments (e.g., through share cancellation or return to treasury) as consideration in a disposal transaction, such instruments are recognized as a reduction in equity, measured at fair value at the date of the transaction.

5. Critical accounting judgments, assumptions and estimates

There have been no changes to the critical accounting estimates and judgements. Refer to the Company’s annual consolidated financial statements and notes for the year ended December 31, 2024.

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6. Deconsolidation of subsidiary

On April 2, 2025, the Company executed its strategic reorganization pursuant to the terms of a share purchase agreement with PBF and certain insiders of the Company (together, the "Purchasers").

Pursuant to the agreement, the Company transferred all outstanding shares of PBF to the Purchasers in exchange for the surrender of their securities in the Company. The Company lost its control over PBF on April 2, 2025 and derecognized the assets and liabilities of PBF on the same date.

As part of the transaction, the Company

- Cancelled and returned to treasury 800,000 multiple voting shares and 600,000 subordinate voting shares. The fair value of the cancelled shares of \$0.038 (CAD \$0.055) per share is recognized as non-cash consideration received of \$84,257.
- PBF assigned its proprietary recipes, trademarks, and related intellectual property assets (the "IP") to the Company. The IP does not meet the recognition criteria for an intangible asset under IAS 38, as management has assessed it does not provide probable future economic benefits to the Company and therefore, no fair value was assigned on transaction date.
- The Company forgave \$5,478,056 of debt owed by PBF which was accounted for as intercompany debt before the deconsolidation and resulted in no gain or loss on the deconsolidation.
- The Company cancelled 240,000 stock options held by the Purchasers, which were fully vested as at April 2, 2025, resulting in no gain or loss on the deconsolidation.
- The Company cancelled 450,000 restricted share units held by the Purchasers, which were fully vested as at April 2, 2025, resulting in no gain or loss on the deconsolidation.
- The Company granted PBF an exclusive license to use the IP in the United States for future royalty payments, with revenue to be recognized as earned. There was no revenue earned in the six months ended June 30, 2025.

Gain on deconsolidation of subsidiary

| As at | April 2, 2025 |
|--|----------------------|
| | \$ |
| Accounts payable and accrued liabilities | 876,755 |
| Due to related parties | 230,450 |
| Loan payable | 305,009 |
| Total liabilities disposed | 1,412,214 |
| Fair value of non-cash consideration received (shares redeemed) | 84,257 |
| Gain on deconsolidation | 1,496,471 |

Planet Based Foods Global Inc.
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(Expressed in US Dollars)

7. Short-Term Loans

The Company's short-term loans payable balances at June 30, 2025 and December 31, 2024:

| | VV8 Loan | Other shareholder loans |
|----------------------------|-----------|-------------------------|
| | \$ | \$ |
| As at January 1, 2024 | 152,108 | - |
| Additions | 14,864 | 8,220 |
| Interest | 3,607 | - |
| Foreign currency exchange | (5,207) | - |
| Payment | (165,372) | - |
| As at December 31, 2024 | - | 8,220 |
| Additions | - | 142,178 |
| Foreign currency exchange | - | 4,630 |
| As at June 30, 2025 | - | 155,028 |

On December 1, 2023 and January 29, 2024, the Company received a loan of \$148,080 (C\$200,000) and \$14,864 (C\$20,000) from a shareholder of the Company ("VV8 Loan"). The Principal Amount will accrue interest at the Bank of Canada rate of prime (7.2%) plus 2.8% for total interest of ten percent (10.00%) per annum paid monthly. The maturity rate of the loan is February 28, 2024. The Company may pay the Loan in full at any time prior to the end of the Term without penalty. The loan and accrued interest has been paid in full as at December 31, 2024.

During the six months ended June 30, 2025, the Company received a loan non-interest, unsecured and on demand loan from an existing shareholder for \$142,178 (C\$200,308).

8. Loan Payable

Loan payable as at June 30, 2025 and December 31, 2025 are comprised as follows:

| Loan ⁽¹⁾ | Start date | Maturity date | Loan amount | Fair value at inception ⁽²⁾ | Interest rate (annual) | Balance, June 30, 2025 | Balance, December 31, 2024 |
|---------------------|------------------|------------------|----------------|--|------------------------|------------------------|----------------------------|
| | | | \$ | \$ | | \$ | \$ |
| A ⁽³⁾ | June 11, 2023 | October 26, 2025 | 24,426 | 21,334 | 10 | - | 28,586 |
| B ⁽⁴⁾ | August 31, 2023 | August 31, 2025 | 85,000 | 74,241 | 10 | - | 96,823 |
| C ⁽⁵⁾ | October 26, 2023 | October 26, 2025 | 11,000 | 9,608 | 10 | - | 12,152 |
| D ⁽⁶⁾ | October 27, 2023 | October 27, 2025 | 150,000 | 120,935 | 10 | - | 152,884 |
| | | | 270,426 | | | - | 290,445 |

⁽¹⁾ These loans were signed by debt holders directly with PBF, subsidiary of PBF Global and were derecognized on the deconsolidation of PBF on April 2, 2025 (see note 6). The Company is not liable for any of the loans.

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-
- (2) The loans are provided by a related party of the Company and is recorded at fair value at inception using a discount rate of 22%. As such, the discount is recorded as an equity contribution and accreted to the principal and interest amount due on the maturity date.
- (3) For the three and six months ended June 30, 2025, the accretion expense recognized was \$1,442 and \$1,442 (2024 – \$1,255 and \$2,448).
- (4) For the three and six months ended June 30, 2025, the accretion expense recognized was \$4,847 and \$4,847 (2024-\$4,222 and \$8,240).
- (5) For the three and six months ended June 30, 2025, the accretion expense recognized was \$609 and \$609 (2024-\$531 and \$1,036).
- (6) For the three and six months ended June 30, 2025, accretion expense recognized was \$7,665 and \$7,665 (2024-\$6,675 and \$13,027).

9. Convertible Debentures

In August 2023, the Company completed a private placement of unsecured convertible debenture units of the Company (the “Units”) for aggregate proceeds of \$254,595 (C\$341,000). Each Unit will be comprised of one unsecured convertible debenture in the principal amount of C\$1,000 bearing interest at 10% per annum calculated and paid on maturity, being 18 months from the date of issuance (a “Debenture”) and 1,000 subordinate voting share purchase warrants of the Company (each, a “Warrant”). Each Warrant is exercisable into one subordinate voting share at a price of C\$1.00 per warrant for a period of two years. Each Debenture is convertible at the holder’s option into fully paid subordinate voting shares of the Company at the conversion price of C\$0.50 at any time prior to the maturity date. The Company may elect, on its sole discretion, to pay all or a portion of the accrued and unpaid interest in subordinate voting shares at the conversion price of C\$0.50 upon maturity date.

As the convertible debenture has a conversion feature which meets the “fixed-for-fixed” condition, this conversion feature is considered as an equity instrument, and the equity and debt components must be bifurcated with value assigned to each as well as to warrants issued as part of the offering. The value assigned to the liability on the date of issuance was the present value of the contractually determined stream of future cash flows discounted at 22%, being the estimated rate that the market would apply to an instrument with comparable credit status and provide substantially the same cash flows, on the same terms, but without the conversion option. From the date of issuance, the liability component accretes up to its principal value using the effective interest method, with the charge recorded in finance expenses. The fair value assigned to the warrants on the date of issuance was based on the Black-Scholes option pricing model. Finally, the residual balance of proceeds on the offering was assigned to the conversion feature.

The fair value of warrants was estimated using the Black-Scholes option pricing model with the following assumptions:

| | assumptions |
|---------------------------|-------------------|
| Share price at grant date | C\$0.20 – C\$0.25 |
| Risk-free interest rate | 4.60% - 4.81% |
| Expected life | 0.5 |
| Expected volatility | 163.82% - 169.95% |
| Expected dividends | 0.00% |

During the year ended December 31, 2024, \$72,951 (C\$107,000) of convertible debentures were cancelled. As a result, the related debt was derecognized as of the cancellation date, and a loss of \$1,486 (C\$2,035) was recognized in connection with the settlement of the convertible debt.

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— The components of the Company's convertible debentures as of June 30, 2025 and December 31, 2024 were as follows:

| | Liability Component | Equity Component | Warrants | Total |
|--------------------------------|------------------------|---------------------|---------------|----------------|
| | \$ | \$ | \$ | \$ |
| January 1, 2024 | 207,062 | 37,967 | 27,694 | 272,723 |
| Accretion and interest expense | 43,828 | - | - | 43,828 |
| Foreign exchange movement | (91,351) | - | - | (91,351) |
| Debt settlement | (72,951) | - | - | (72,951) |
| December 31, 2024 | 159,538 | 37,967 | 27,694 | 225,199 |
| Accretion and interest expense | 7,261 | - | - | 7,261 |
| Foreign exchange movement | 8,377 | - | - | 8,377 |
| June 30, 2025 | 175,176 | 37,967 | 27,694 | 240,837 |

The conversion feature on these debentures expired in February 2025, and as such, the liability component of \$175,176 is reclassified as current debentures.

10. Related Party Transactions and Balances

The Company entered into several transactions with key management personnel and entities wholly owned by those personnel. The Company considers the executive officers and directors as the key management of the Company. The remuneration of key management personnel includes those persons having the authority and responsibility for the planning, directing, and controlling of the activities of the Company are as follows:

| | June 30, 2025 | June 30, 2024 |
|--|---------------|---------------|
| | \$ | \$ |
| Transactions with former Research & Development Director | - | 28,000 |
| Salary remuneration – management personnel | 56,090 | 67,306 |

Amounts due to and from related parties as at June 30, 2025 and December 31, 2024 are as follows:

| Related party assets (liabilities) | June 30, 2025 | December 31, 2024 |
|---|---------------|-------------------|
| | \$ | \$ |
| Key management personnel ⁽¹⁾ | (6,090) | (230,450) |
| Amounts owing to shareholders | (257,300) | (102,272) |
| Total | (263,390) | (332,722) |

⁽¹⁾ The amount due to key management personnel relates to unpaid remuneration and reimbursement of business-related expenses. The balance of \$230,000 as at December 31, 2024 of \$230,450 was derecognized on the deconsolidation of PBF on April 2, 2025 (see note 6).

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- (2) The balance relates to \$244,451 of non-interest, unsecured, on demand loans owed to an existing shareholder. See note 7 for \$142,178 (C\$200,308) loan received by the Company during the six months ended June 30, 2025.

11. Share Capital

The Company has authorized an unlimited subordinate voting shares and unlimited multiple voting shares. The holders of the subordinate voting shares shall be entitled to notice of and to attend at any meeting of the shareholders of the Company, except a meeting of which only holders of another particular class or series of shares of the Company shall have the right to vote. At each such meeting holders of subordinate voting shares shall be entitled to one vote in respect of each subordinate voting share held. The holders of multiple voting shares shall be entitled to notice of and to attend at any meeting of the shareholders of the Company, except a meeting of which only holders of another particular class or series of shares of the Company shall have the right to vote. At each such meeting, holders of multiple voting shares will be entitled to one vote in respect of each subordinate voting share into which such multiple voting share could ultimately then be converted, which for greater certainty, shall initially equal 2 votes per multiple voting share.

Outstanding common shares as at June 30, 2025 and December 31, 2024, are as follows:

| | Subordinate voting shares | Multiple voting shares | Amount \$ |
|--|--------------------------------------|-----------------------------------|----------------------|
| Balance, December 31, 2023 | 10,347,138 | 800,000 | 9,810,979 |
| Shares issued, private placement ⁽¹⁾ | 10,000,000 | - | 729,860 |
| Balance, December 31, 2024 | 20,347,138 | 800,000 | 10,540,839 |
| Shares redeemed on deconsolidation of PBF ⁽²⁾ | (600,000) | (800,000) | (1,353,917) |
| Balance, June 30, 2025 | 19,747,138 | - | 9,186,922 |

- ⁽¹⁾ On May 31, 2024, the Company completed a non-brokered private placement of subordinate voting shares at a price of C\$0.10 per Share for gross aggregate proceeds of \$729,860 (CAD \$1,000,000).
⁽²⁾ On April 2, 2025, the Company redeemed the 600,000 subordinate voting shares at fair market value of \$0.0383 (CAD \$0.055) per share and 800,000 multiple voting shares at fair market value of \$0.0383 (CAD \$0.055) per share. See note 6 for details.

12. Share-based compensation

Warrants

Outstanding warrants as at June 30, 2025 and December 31, 2024 are as follows:

| | Number of Warrants | Weighted average exercise price \$ | Weighted average remaining contractual life (year) |
|-----------------------------------|---------------------------|---|---|
| Balance at December 31, 2023 | 341,000 | 0.75 | 1.61 |
| Warrants cancelled ⁽¹⁾ | (107,000) | 0.75 | |
| Balance at December 31, 2024 | 234,000 | 0.75 | 0.60 |
| Balance at June 30, 2025 | 234,000 | 0.75 | 0.10 |

- ⁽¹⁾ During the year ended December 31, 2024, as part of convertible debenture, the Company cancelled 107,000 warrants.

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At June 30, 2025, the warrants outstanding and exercisable were as follows:

| Expiry Date | Exercise Price | | | Number of Warrants as at June 30, 2025 |
|--------------------|-----------------------|------|-------------|---|
| August 4, 2025 | \$ | 0.75 | CAD \$ 1.00 | 167,000 |
| August 25, 2025 | \$ | 0.74 | CAD \$ 1.00 | 67,000 |
| | | | | 234,000 |

Stock Options

The Company has adopted an incentive share option plan for the employees, directors, officers, consultants and employees of a person or company which provides management services to the Company or its associated, affiliated, controlled and subsidiary companies (the “Participants”), to grant such Participants stock options to acquire up to 10% of the Total Share Base from time to time. This is a “rolling” plan as the number of shares reserved for issuance pursuant to the grant of stock options will increase as the Company’s issued and outstanding share capital increases.

Outstanding stock options as at June 30, 2025 and December 31, 2024 are as follows:

| | Number of Options | Weighted Average Exercise Price |
|-------------------------------------|--------------------------|--|
| | | \$ |
| Balance, December 31, 2023 and 2024 | 550,000 | 1.12 |
| Cancelled on April 2, 2025 (note 6) | (240,000) | 1.19 |
| Balance, June 30, 2025 | 310,000 | 1.07 |
| Options exercisable | 310,000 | 1.07 |

The options outstanding at June 30, 2025 are as follows:

| Number | Granted Date | Expiry Date | Exercise Price | | Weighted Average Remaining Contractual life (Years) |
|---------------|---------------------|--------------------|-----------------------|--------------|--|
| | | | | \$ | |
| 230,000 | January 11, 2022 | January 11, 2032 | 1.19 | (CAD \$1.5) | 6.54 |
| 80,000 | August 17, 2022 | August 17, 2025 | 0.72 | (CAD\$0.925) | 0.13 |
| 310,000 | | | 1.07 | (CAD\$1.42) | 4.88 |

Restricted Share Units

The Company approved a restricted share units (the “RSU”) plan on July 12, 2021, which RSU is designed to provide certain directors, officers, consultants and other key employees of the Company and its related entities with the opportunity to acquire restricted share of the Company. RSU may be redeemed by any holder of RSU to receive an award payout of either: (a) one subordinate voting share of the Company for each whole vested RSU; or, (b) at the Company’s election, a cash amount equal to the fair market value of one subordinate voting share of the Company of each whole vested RSU.

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RSU's outstanding as at June 30, 2025 and December 31, 2024 are as follows:

| | Number of RSU's |
|--|-----------------|
| Balance, December 31, 2023 and 2024 | 654,000 |
| Cancelled on April 2, 2025 (note 6) | (450,000) |
| Balance, June 30, 2025 ⁽¹⁾ | 204,000 |
| Exercisable, June 30, 2025 ⁽¹⁾ | 204,000 |

⁽¹⁾ 160,000 of the vested and exercisable RSU's have expiry date of December 1, 2025 and remaining 44,000 RSU's will expire on December 1, 2026.

13. Income (loss) per share

Income (loss) per share is calculated using the weighted average common shares outstanding as follows:

| | For the three months ended | | For the six months ended | |
|---|----------------------------|---------------|--------------------------|---------------|
| | June 30, 2025 | June 30, 2024 | June 30, 2025 | June 30, 2024 |
| Net income (loss) | \$ 1,306,894 | \$ (479,839) | \$ 1,250,413 | \$ (770,821) |
| Weighted average shares outstanding - basic | 19,795,490 | 15,243,841 | 20,865,370 | 14,904,625 |
| Share-based payment awards | 763,165 | - | 1,098,718 | - |
| Weighted average shares outstanding - diluted | 20,558,654 | 15,243,841 | 21,964,088 | 14,904,625 |
| Income (loss) per share, basic | \$ 0.07 | \$ (0.03) | \$ 0.06 | \$ (0.06) |
| Income (loss) per share, diluted | \$ 0.06 | \$ (0.03) | \$ 0.06 | \$ (0.06) |

The effect of dilution from stock options, warrants and RSUs was excluded from the calculation of weighted-average number of shares outstanding for diluted loss per share for the three and six months ended June 30, 2024, as they are anti-dilutive.

14. Fair Value and Financial Instruments

Financial Instruments

The Company's financial instruments consist of cash, accounts payable and accrued liabilities, due to related parties, short-term loans, loan payable, and convertible debentures.

Financial assets and liabilities measured at fair value in the consolidated statement of financial position are characterized into three levels of a fair value hierarchy depending on the degree to which the inputs are observable. During the six months ended June 30, 2025, no transfers between fair value hierarchy occurred. The fair value hierarchy is as follows:

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

— A financial instrument is classified to the lowest level hierarchy for which a significant input has been used in measuring fair value.

The carrying amounts for cash, and accounts payable and accrued liabilities, due to related parties approximate their respective fair values based on level 1 due to the short-term maturities of those instruments.

The estimated fair value of current and long-term loans, categorized as Level 2, has been estimated using discounted cash flow techniques, applying interest rates in effect for debts with similar remaining maturities and credit risk. As at June 30, 2025 and December 31, 2024, the fair value of the loans approximates their respective carrying values.

15. Capital Management

The objectives of capital management are to ensure the Company's ability to continue as a going concern and provide an adequate return to shareholders, as well as to maintain an optimal capital structure that reduces the costs of raising capital. The Company's capital as at March 31, 2025 comprises of shareholder's deficit of \$13,160,388 (December 31, 2024 - \$14,410,801) and total of short-term loans, loans payable, and debentures of \$432,476 (December 31, 2024 - \$560,476). The Company manages its capital structure and makes changes based on economic conditions, risks that impact the consolidated operations and future significant capital investment opportunities. To maintain or adjust its capital structure, the Company may issue new equity instruments or considers other financing opportunities.

The Company is exposed to the symptoms and effects of global economic conditions and other factors that could adversely affect its business, financial condition, and operating results. Many of the risk factors are beyond the Company's direct control. The Company's management and Board of Directors plan an active role in monitoring the Company's key risks and in determining the policies that are best suited to manage these risks, inclusive of investment policies and controlling and reporting structures.

The Company does not actively participate in the business of financial assets for speculative purposes.

The Company's strategy with respect to capital risk management has not changed since the year ended December 31, 2024. The Company is meeting its objective of managing capital through its detailed review and performance of due diligence on all potential opportunities, preparing short-term and long-term cash flow analysis to ensure an adequate amount of liquidity and monthly review of financial results. The Company is not exposed to any externally imposed requirements. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and other receivables. The Company maintains current bank accounts of less than one year, with local banks with a minimum credit rating of "A" and therefore, the risk of loss on cash is immaterial.

Credit risk is primarily associated with trade receivables, as the Company grants credit to its customers in the normal course of business. Credit risk on receivables is minimized by performing credit reviews, ongoing credit evaluation and account monitoring procedures. All receivables are assessed for expected credit loss and the consolidated financial statements take into account an allowance for bad debts. As at June 30, 2025, the Company has no trade receivables and any allowance for bad debts.

Foreign exchange risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The functional currency of the Company is the Canadian dollar and the functional currency of PBF is US dollar. The reporting currency of the Company is US dollar. Following the disposition of PBF on April 2, 2025, a 10% change in the currency exchange rates between the US dollar relative to the Canadian dollar would have a before-tax effect of approximately \$4,998 increase or decrease in net income, based on amounts held at the period ended June 30, 2025. The Company has not entered into any derivative financial instruments to manage exposures to currency fluctuations.

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Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have floating rate debt.

Liquidity risk

Liquidity risk refers to the possibility that the Company will not meet its contractual obligations, mainly in respect of its accounts payable, due to related parties and repayment of principal and interest on loans.

The Company manages its liquidity needs by monitoring scheduled payments defined in the terms and conditions of each financing contract, as well as forecasts of cash inflows and outflows on a periodic basis. Long-term liquidity needs for a 180-day and 360-day monitoring period are identified monthly. The Company's objective is to maintain cash to meet its liquidity requirements for periods of at least 30 days.

In the event of requiring additional contribution, the Company may choose to seek access to shareholder loans, bank financing or equity funding. The Company's access to financing has at times been uncertain. There can be no assurance of continued access to significant debt or equity funding.

Contractual obligations as at June 30, 2025 are as follows:

| | In 6 months | 7 to 12 months | More than 1 year up to 5 years | Total |
|------------------------|--------------------|-----------------------|---------------------------------------|------------------|
| Accounts payable | 610,314 | - | - | 610,314 |
| Due to related parties | 108,362 | - | - | 108,362 |
| Short-term loans | 155,028 | - | - | 155,028 |
| Debenture payable | 175,176 | - | - | 175,176 |
| TOTAL | 1,048,880 | - | - | 1,048,880 |

16. Subsequent events

On August 19, 2025, the Company signed debt settlement agreements with Baron Global Financial Canada Ltd. ("Baron") and Coenda Investments Holding Corp. ("Coenda") to settle an aggregate of \$800,000 of loans and payables through issuance of subordinate voting shares of the Company. The debt settlement will be satisfied by the issuance of shares at a deemed price of \$0.0525 per Share, representing a 25% discount to the closing price of the Company's shares on the last trading day on August 19, 2025. The Company expects to issue a total of 15,238,094 Shares as follows:

- 9,523,809 shares to Coenda in full and final settlement of \$500,000 of indebtedness; and,
- 5,714,285 shares to Baron in full and final settlement of \$300,000 of indebtedness.

The shares will be subject to a four-month hold period under applicable Canadian securities laws. The Company expects to complete the issuance of shares on or about August 28, 2025. Completion of the debt settlement agreements will be subject to receipt of and all necessary regulatory approvals, including, if required, conditional approval by the CSE.