

ZEPHYRUS INNOVATIONS INC.

ANNUAL GENERAL MEETING OF SHAREHOLDERS

TO BE HELD ON NOVEMBER 19, 2025

NOTICE OF MEETING AND MANAGEMENT PROXY AND INFORMATION CIRCULAR

THIS NOTICE OF MEETING AND MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF ZEPHYRUS INNOVATIONS INC. OF PROXIES TO BE VOTED AT THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF ZEPHYRUS INNOVATIONS INC. TO BE HELD ON NOVEMBER 19, 2025

TO BE HELD AT:

**DLA Piper (Canada) LLP
1133 Melville St Suite 2700, Vancouver, BC V6E 4E5
At 11:00 a.m. Vancouver Time**

Dated: October 27, 2025

ZEPHYRUS INNOVATIONS INC.

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT AN ANNUAL GENERAL MEETING (the “**Meeting**”) of class “B” common shares (“**Common Shares**”) of Zephyrus Innovations Inc. (the “**Corporation**”) will be held at the offices of DLA Piper (Canada) LLP - Suite 2700, 1133 Melville Street, Vancouver, British Columbia V6E 4E5, on November 19, 2025, at 11:00 a.m. for the following purposes:

1. to receive and consider the audited financial statements of the Corporation for the financial years ended May 31, 2024, and the reports of the auditor thereon and the unaudited financial statements for the year ended May 31, 2025;
2. to fix the number of directors of the Corporation to be elected at the Meeting at five (5);
3. to elect the Board of Directors of the Corporation for the ensuing year;
4. to appoint the auditor of the Corporation for the ensuing year and to authorize the Board of Directors to fix the auditor’s remuneration; and
5. to transact such other business as may be properly brought before the Meeting or any adjournment thereof.

DATED this 27th day of October 2025

BY ORDER OF THE BOARD OF DIRECTORS

signed “Guy Reynolds”

Guy Reynolds

Chairman of the Board

NOTE:

Proxies to be used at the Meeting must be deposited with the Corporation, c/o the Corporation’s transfer agent, Odyssey Trust Company, by facsimile to (800) 517-4553, by mail to Attn: Proxy Department, Suite 1100, 67 Yonge St., Toronto, ON M5E 1J8 or via e-mail to proxy@odysseytrust.com no later than 48 hours, excluding Saturdays, Sundays and holidays, prior to the Meeting or any adjournment thereof. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

ZEPHYRUS INNOVATIONS INC.
MANAGEMENT INFORMATION CIRCULAR
SOLICITATION OF PROXIES

THIS MANAGEMENT INFORMATION CIRCULAR (“MANAGEMENT INFORMATION CIRCULAR”) IS PROVIDED IN CONNECTION WITH THE SOLICITATION BY MANAGEMENT OF ZEPHYRUS INNOVATIONS INC. (THE “CORPORATION”) of proxies from the holders of each of the class “B” common shares (“**Common Shares**”), for the annual general meeting of the shareholders of the Corporation (the “**Meeting**”) to be held on November 19, 2025 at 11:00 a.m. at the offices of DLA Piper (Canada) LLP - Suite 2700, 1133 Melville Street, Vancouver, British Columbia V6E 4E5 or at any adjournment thereof for the purposes set out in the accompanying notice of meeting (“**Notice of Meeting**”).

Although it is expected that the solicitation of proxies will be primarily by e-mail, proxies may also be solicited personally or by telephone, mail, facsimile or other proxy solicitation services.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named (the “Management Designees”) in the enclosed instrument of proxy (“Instrument of Proxy”) have been selected by the directors of the Corporation and have indicated their willingness to represent as proxy the shareholder who appoints them. A shareholder has the right to designate a person (whom need not be a shareholder) other than the Management Designees to represent them at the Meeting. Such right may be exercised by inserting in the space provided for that purpose on the Instrument of Proxy the name of the person to be designated and by deleting therefrom the names of the Management Designees, or by completing another proper form of proxy and delivering the same to the transfer agent of the Corporation. Such shareholders should notify the nominee of the appointment, obtain the nominee’s consent to act as proxy and should provide instructions on how the shareholder’s shares are to be voted. The nominee should bring personal identification with them to the Meeting. In any case, the form of proxy should be dated and executed by the shareholder or an attorney authorized in writing, with proof of such authorization attached (where an attorney executed the proxy form). In addition, a proxy may be revoked by a shareholder personally attending the Meeting and voting his shares.

A form of proxy will not be valid for the Meeting or any adjournment thereof unless it is completed and delivered to the Corporation c/o the Corporation’s transfer agent, Odyssey Trust Company, by facsimile to (800) 517-4553, by mail to Attn: Proxy Department, Suite 1100, 67 Yonge St., Toronto, ON M5E 1J8 or via e-mail to proxy@odysseytrust.com at least 48 hours, excluding Saturdays, Sundays and holidays, prior to the Meeting or any adjournment thereof. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

A shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy. In addition to revocation in any other manner permitted by law, a proxy may be revoked by depositing an instrument in writing executed by the shareholder or by his authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized, either at the registered office of the Corporation or c/o Odyssey Trust Company on behalf of the Corporation by facsimile to (800) 517-4553, by mail to Attn: Proxy Department, Suite 1100, 67 Yonge St., Toronto, ON M5E 1J8 or via e-mail to proxy@odysseytrust.com so as to arrive not later than 10:00 a.m. (Vancouver time) on November 17, 2025, or if the Meeting is adjourned, at the latest 48 hours (excluding Saturdays, Sundays and holidays) before the time set for any reconvened meeting at which the proxy is to be used unless the chair of the Meeting elects to exercise his discretion to accept proxies received subsequently. Scans of proxies may also be sent to the Corporation at monita@zephyrusinnovations.com to be forwarded to the Corporation’s transfer agent.

VOTING OF PROXIES

Each shareholder may instruct their proxy how to vote their Common Shares by completing the blanks on the Instrument of Proxy. All Common Shares represented at the Meeting by properly executed proxies will be voted

or withheld from voting (including the voting on any ballot), and where a choice with respect to any matter to be acted upon has been specified in the Instrument of Proxy, the Common Shares represented by the proxy will be voted in accordance with such specification. **In the absence of any such specification as to voting on the Instrument of Proxy, the Management Designees, if named as proxy, will vote in favour of the matters set out therein. In the absence of any specification as to voting on any other form of proxy, the Common Shares represented by such form of proxy will be voted in favour of the matters set out therein.**

The enclosed Instrument of Proxy confers discretionary authority upon the Management Designees, or other persons named as proxy, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. As of the date hereof, the Corporation is not aware of any amendments to, variations of or other matters which may come before the Meeting. In the event that other matters come before the Meeting, then the Management Designees intend to vote in accordance with the judgment of management of the Corporation.

QUORUM

The by-laws of the Corporation provide that a quorum of shareholders is present at a meeting of shareholders if the holder or holders of a majority of the shares entitled to vote at the meeting are present in person or represented by proxy.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of Class “B” Common Shares, an unlimited number of Preferred shares, and up to 1,500,000 Series 1A Preferred Shares. As at the effective date of this Management Information Circular (the “**Effective Date**”), being October 27, 2025, there are 43,639,666 Common Shares issued and outstanding and 245,448 Series 1A Preferred Shares issued and outstanding. No other shares of any other class are issued or outstanding. The Common Shares are entitled to be voted at the Meeting and holders of Common Shares are entitled to one vote for each Common Share held.

Holders of Common Shares of record at the close of business on October 10, 2025 (the “**Record Date**”) are entitled to vote such Common Shares at the Meeting on the basis of one vote for each Common Share held except to the extent that, (a) the holder has transferred the ownership of any of his Common Shares after the Record Date, and (b) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he owns the Common Shares, and demands not later than ten (10) days before the day of the Meeting that his name be included in the list of persons entitled to vote at the Meeting, in which case the transferee will be entitled to vote his Common Shares at the Meeting.

To the knowledge of the directors and the executive officers of the Corporation, as at the Effective Date, no person or company beneficially owns, directly or indirectly, or controls or directs, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the Corporation.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set forth herein, or as previously disclosed, the Corporation is not aware of any material interests, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or executive officer, or any shareholder holding more than 10% of the voting rights attached to the Common Shares or any associate or affiliate of any of the foregoing in any transaction in the preceding financial year or any proposed or ongoing transaction of the Corporation which has or will materially affect the Corporation.

MANAGEMENT CONTRACTS

During the most recently completed financial year, no management functions of the Corporation were to any substantial degree performed by a person or company other than the directors or executive officers (or private companies controlled by them, either directly or indirectly) of the Corporation.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No director or executive officer of the Corporation, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting.

PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the Board of Directors of the Corporation, the only matters to be brought before the Meeting are those matters set forth in the accompanying Notice of Meeting.

1. Report and Financial Statements

The Board of Directors of the Corporation has approved all of the information in the audited financial statements of the Corporation for the year ended May 31, 2024 and the reports of the auditor thereon and the unaudited financial statements for the year ended May 31, 2025, copies of which are made available to all shareholders.

2. Fix Number of Directors to be Elected at the Meeting

Shareholders of the Corporation will be asked to consider and, if thought appropriate, to approve and adopt an ordinary resolution fixing the number of directors to be elected at the Meeting. In order to be effective, an ordinary resolution requires the approval of a majority of the votes cast by shareholders who vote in respect of the resolution.

At the Meeting, it will be proposed that five (5) directors be elected to hold office until the next annual general meeting or until their successors are elected or appointed. **Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote in favour of the ordinary resolution fixing the number of directors to be elected at the Meeting at five (5).**

3. Election of Directors

The Corporation currently has five (5) directors, each of which are being nominated by the Board of Directors for re-election at the Meeting. The following table sets forth the name of each of the persons proposed to be nominated for election as a director, all positions and offices in the Corporation presently held by such nominee, the nominee's municipality of residence, principal occupation at the present and during the preceding five years, the period during which the nominee has served as a director, and the number and percentage of Common Shares of the Corporation that the nominee has advised are beneficially owned by the nominee, directly or indirectly, or over which control or direction is exercised, as of the Effective Date.

Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote for the election of the persons named in the following table to the Board of Directors. Management does not contemplate that any of such nominees will be unable to serve as directors; however, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, **proxies held by Management Designees will be voted for another nominee in their discretion unless the shareholder has specified in his form of proxy that his Common Shares are to be withheld from voting in the election of directors.** Each director elected will hold office until the next annual general meeting of shareholders or until his successor is duly elected, unless his office is earlier vacated in accordance with the by-laws of the Corporation or the provisions of the *Business Corporations Act* (Alberta) to which the Corporation is subject.

Name, Municipality of Residence, Office and Date Became a Director	Present Occupation and Positions Held During the Last Five Years	Number and Percentage of Common Shares Held or Controlled as at the Date of this Circular ⁽¹⁾
Guy Reynolds London, England Executive Chairman and Director Director since August 24, 2018	Executive Chairman for the Corporation and Corporate Business Consultant	1,430,245 Common Shares (3.277%)
Will Wijnberg London, England CEO and Director Director since May 13, 2025	CEO of the Corporation	973,700 Common Shares (2.23%)
Andreas Bernhard Interlaken, Switzerland Director Director since May 13, 2025	Owner of the investment company Davao Holdings AG, partner and board member of the business consultancy group.	429,590 Common Shares (<1.00%)
Eric Andreassen Port Moody, BC Director Director since April 10, 2017	Senior Vice President of Development and Senior Operational Manager of Adera Development Corporation	740,458 Common Shares (1.69%)
Dr. Robert Bider Zug, Switzerland Director Director Since June 1, 2023	With a PhD in Technical Sciences and a Master in Industrial Management from Federal Institute of Technology, Zurich Dr. Bider provides consulting services for several boards.	825,927 Common Shares (1.893%)

Notes:

- (1) The information as to shares beneficially owned, not being within the knowledge of the Corporation, has been furnished by the respective directors.

Guy Reynolds - Mr. Reynolds was appointed as the Corporation's CEO in 2018 and transitioned to the position of Executive Chairman in 2025. He has over 13 years' experience in the medical device and medical services sector and previously served as the CEO of Leaders in Oncology Care, a subsidiary of HCA International, the largest private healthcare provider in the world looking after the entire cancer network. Guy is currently Chairman of Perci Health, a private telehealth services company, with a pioneering virtual care clinic designed to support people living with cancer as well as employees impacted by cancer. Mr. Reynolds studied Law at Oxford University and qualified as a solicitor with Linklaters in 2015 and spent several years at Credit Suisse in Equity Corporate Finance Team.

Will Wijnberg - Will began his career as a management consultant for Accenture where he advised a number of clients on Technology Transfer Programmes. Over the course of his career, Will has held a number of Senior roles focussing on strategy, estimation, planning and delivery with a wide variety of clients including Deutsche Bank, BBC, Thales, and BT.

Will studied Natural Sciences at Bath University and went on to study law at University of London.

Andreas Bernhard - Owner of the investment company Davao Holdings AG, partner and board member of the business consultancy group GFAG Holding AG, board member of several companies in the fields cardiology, patient transport and non-medical businesses, former chairman of the board of Orthocube AG, spinal implants, which an exit to Germany's biggest clinic group "Schön Kliniken", part of several startup companies and projects.

Eric Andreassen – Mr. Andreassen is the Vice President Sales Marketing at Adera Development Corporation with an over 23-year history of working in the real estate industry. Skilled in Negotiation, Real Estate Development, Strategic Planning, Leadership, and Real Estate. Eric graduated from The University of British Columbia.

Dr. Robert Bider - Dr. Robert Bider is the former CEO of Hirslanden Group, where, for 17 years, he was instrumental in growth the company from one hospital to one of Europe's largest and most successful private hospital chains. Robert currently sits on several boards, including Montana Capital Partners AG and Rhino Partners. He also is a member of the board of Grand Hotels Bad Ragaz, Salem-Spital, Beau-Site AG, USI Group Holdings AG, Medi-Clinic Switzerland AG and Medi-Clinic Corporation Limited. Dr. Bider is Dr. Sc. in technical science and a MSc in Industrial Management (MIM) from the Swiss Federal Institute of Technology Zurich (ETH).

Cease Trade Orders

No proposed director, within 10 years before the date of this Management Information Circular, has been a director, chief executive officer or chief financial officer of any company that:

- (a) was subject to: (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (collectively, an "**Order**") that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Bankruptcies

No proposed director, within 10 years before the date of this Management Information Circular, has been a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of the proposed director ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Personal Bankruptcies

No proposed director has, within 10 years before the date of this Management Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such proposed director.

Penalties and Sanctions

No proposed director has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director,

other than a settlement agreement entered into before December 31, 2000, that would likely not be important to a reasonable securityholder in deciding whether to vote for a proposed director.

4. Appointment of Auditor

The shareholders of the Corporation will be asked to vote for the appointment of D&H Group LLP, Chartered Professional Accountants (“D&H Group”), as auditor of the Corporation. **Unless directed otherwise by a proxy holder, or such authority is withheld, the Management Designees, if named as proxy, intend to vote the Common Shares represented by any such proxy in favour of a resolution appointing D&H Group LLP, as auditor of the Corporation for the next ensuing year,** to hold office until the close of the next annual general meeting of shareholders or until D&H Group is removed from office or resigns as provided by the Corporation’s by-laws, and the Management Designees also intend to vote the Common Shares represented by any such proxy in favour of a resolution authorizing the Board of Directors to fix the compensation of the auditor. D&H Group has been the Corporation’s auditor since June 2022.

OTHER BUSINESS

While there is no other business other than that business mentioned in the Notice of Meeting to be presented for action by the shareholders at the Meeting, **it is intended that the proxies hereby solicited will be exercised upon any other matters and proposals that may properly come before the Meeting or any adjournment or adjournments thereof, in accordance with the discretion of the persons authorized to act thereunder.**

GENERAL

Unless otherwise directed, it is management’s intention to vote proxies in favour of the resolutions set forth herein. All special resolutions to be brought before the Meeting require, for the passing of the same, a two-thirds majority of the votes cast at the Meeting by the holders of Common Shares. All ordinary resolutions require, for the passing of the same, a simple majority of the votes cast at the Meeting by the holders of Common Shares. All approvals by disinterested shareholders require the approval of the shareholders not affected by, or interested in, the matter to be approved.

BOARD APPROVAL

The contents and the sending of this Management Information Circular have been approved by the Board of Directors of the Corporation.



Zephyrus Innovations Inc. (formerly L.O.M. Laboratories Inc.)

Financial Statements

May 31, 2024 and 2023

(Expressed in Canadian dollars)



Independent Auditor's Report

To the Shareholders of Zephyrus Innovations Inc. (formerly L.O.M. Laboratories Inc.)

Opinion

We have audited the financial statements of Zephyrus Innovations Inc. (formerly L.O.M. Laboratories Inc.) (the "Company"), which comprise the statement of financial position as at May 31, 2024, and the statement of loss and comprehensive loss, statement of changes in shareholders' deficiency and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a loss and comprehensive loss for the year ended May 31, 2024 of \$ 7,226,306 and had a working capital deficit on May 31, 2024 of \$ 11,863,476. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Vancouver, B.C.
October 22, 2025

Chartered Professional Accountants

Zephyrus Innovations Inc. (formerly L.O.M. Laboratories Inc.)**Statement of Financial Position**
(Expressed in Canadian dollars)

		As at 31-May-24	As at 31-May-23
	Notes	\$	\$
ASSETS			
Current assets			
Cash	4	50,137	88,579
Amounts receivable		90,357	74,295
Prepaid expenses and deposits	5	4,738	12,230
		145,233	175,104
Intangible assets	6	5,035,845	5,305,622
Total assets		5,181,078	5,480,726
SHAREHOLDERS' DEFICIENCY AND LIABILITIES			
Current liabilities			
Trade and other payables	17	1,455,817	1,690,055
Advances from L.O.M. Medical International Inc.	7	-	2,156,010
Notes and loans payable	8	9,640,535	6,655,387
Convertible debentures	9	416,794	382,080
Redeemable preferred shares	10	495,564	495,564
Preferred participation interest	11	-	788,974
		12,008,709	12,168,070
Total liabilities		12,008,709	12,168,070
Shareholders' Deficiency			
Common shares	12.2	34,661,841	27,639,461
Share subscriptions receivable	12.2	(149,999)	(149,999)
Warrant reserve	12.3	3,400,256	3,336,617
Deficit		(44,739,730)	(37,513,423)
Total shareholders' deficiency		(6,827,632)	(6,687,344)
Total shareholders' deficiency and liabilities		5,181,078	5,480,726

Nature and Going Concern (Note 1)**Subsequent Events** (Note 20)

These financial statements were approved for issue on behalf of the Board of Directors on October 22, 2025, and are signed on its behalf by:

"Guy Reynolds" Director

"Will Wijnberg" Director

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

Zephyrus Innovations Inc. (formerly L.O.M. Laboratories Inc.)**Statement of Loss and Comprehensive Loss**

(Expressed in Canadian dollars)

	Notes	Year ended 31/May/24 \$	Year ended 31/May/23 \$
Expenses			
Amortization of intangible assets	6	269,777	89,926
Consulting	17	1,852,145	1,334,750
General and administration	13, 17	3,765,979	3,072,923
Professional fees	17	1,310,874	308,861
Net loss before other items		(7,198,775)	(4,806,460)
Other items			
Foreign exchange (loss) gain		(85,484)	(364,505)
Gain/(Loss) in debt settlement		(801,278)	-
Gain/(Loss) on debt forgiveness	7	2,155,194	-
Interest and accretion expense	17	(1,295,963)	(226,599)
Net loss and comprehensive loss		(7,226,306)	(5,397,564)
Loss per share, basic and diluted		(0.23)	(0.23)
Weighted average number of shares – basic and diluted		31,169,374	23,960,347

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

Zephyrus Innovations Inc. (formerly L.O.M Laboratories)

Statement of Cash Flows

(Expressed in Canadian dollars)

	Year ended	
	31-May-24	31-May-23
	\$	\$
OPERATING ACTIVITIES		
Net loss for the year	(7,226,306)	(5,397,564)
Adjustments for:		
Accrued interest	1,296,752	190,547
Amortization of intangible assets	269,777	89,926
Share-based payments	2,261,138	1,657,404
Gain/(Loss) in debt settlement	801,278	-
Gain/(Loss) on debt forgiveness	(2,155,194)	-
Foreign exchange	85,484	351,653
Operating cash flows before movements in working capital		
Increase (decrease) in amounts receivable	(16,062)	(24,405)
Increase in prepaid expenses and deposits	7,492	31,724
Increase in accounts payable and accrued liabilities	(134,255)	348,116
Cash used in operating activities	(4,809,896)	(2,752,599)
Cash used in investing activity	-	-
FINANCING ACTIVITIES		
Advances to (from) L.O.M Medical International Inc.	-	(13,562)
Promissory notes issued (net of repayments)	2,667,342	2,559,495
Shares issued, net of share issuance costs	2,104,112	201,749
Cash from financing activities	4,771,454	2,747,682
Increase (decrease) in cash	(38,442)	(4,917)
Cash, beginning of year	88,579	93,496
Cash, end of year	50,137	88,579

See Note 18.

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

Zephyrus Innovations Inc. (formerly L.O.M Laboratories)

Statement of Changes in Shareholders' Deficiency

(Expressed in Canadian dollars)

	Notes	Number of shares Class A	Number of shares Class B	Common shares Class A \$	Common shares Class B \$	Subscriptions receivable	Subscriptions received in advance \$	Contributed surplus \$	Deficit \$	Total \$
Balances, 31 May 2022		7,109,988	16,265,602	298	25,092,925	(99,999)	64,025	3,291,713	(32,115,859)	(3,766,897)
Shares issued for cash	12		167,300		251,749	(50,000)				201,749
Bonus shares issued to management and consultants	12		1,075,000		1,612,500					1,612,500
Shares issued for debt	12		78,537		138,174					138,174
Shares issued for redeemable preferred shares	12		319,859		479,790					479,790
Share exchange	12	(7,109,988)	7,109,988	(298)	298					-
Share subscriptions received in advance	12		-		64,025		(64,025)			-
Warrants issued	12						-	44,904		44,904
Net loss for the year									(5,397,564)	(5,397,564)
Balances, 31 May 2023		-	25,016,286	-	27,639,461	(149,999)	-	3,336,617	(37,513,423)	(6,687,344)
Shares issued for cash	12		1,122,403		2,104,112					2,104,112
Bonus shares issued to management and consultants	12		1,095,000		2,190,000					2,190,000
Shares issued for debt	12		1,375,007		1,926,990					1,926,990
Shares issued for debt	12				801,278					801,278
Warrants issued	12						-	63,639		63,639
Net loss for the year									(7,226,306)	(7,226,306)
Balances, 31 May 2024		-	28,608,696	-	34,661,841	(149,999)	-	3,400,256	(44,739,730)	(6,827,632)

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

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1. NATURE AND GOING CONCERN

Zephyrus Innovations Inc. (formerly known as L.O.M. Laboratories Inc.) (the “Company”) was incorporated under the laws of the province of British Columbia, Canada on 7 May 1996, and transferred to Alberta on 27 May 2009. L.O.M Laboratories Inc. changed its name to Zephyrus Innovations Inc. on 15 August 2024.

The Company is developing unique, pneumatic retractable-needle safety syringes (the “Syringes”) and closed system transfer devices (“CSTDs”) which are designed to reduce needlestick injuries. This is accomplished using its novel pneumatic technology that safely retracts the needle into the hollow syringe plunger directly from the patient’s body.

The head office, principal address and registered and records office of the Company are located at Suite 1100-1111 Melville Street, Vancouver BC, Canada.

The Company’s financial statements as at May 31, 2024 and for the year then ended have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company incurred a loss and comprehensive loss for the year ended May 31, 2024 of \$7,226,306 (2023 – \$5,397,564) and had a working capital deficit on May 31, 2024 of \$11,863,476 (2023 – \$11,992,966).

The Company has cash as at May 31, 2024 of \$50,137 (2023 - \$88,579), but management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive, or raise additional debt and/or equity capital. To date the Company’s shareholders have supported the Company by providing funding when needed through debt and/or equity capital and by converting debt to equity to enable the Company to attract new investors. There is no guarantee that the Company’s investors will continue to support the Company and if the Company is unable to raise additional capital in the immediate future, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures or cease operations. Management is aware, in making its assessment, of these material uncertainties related to events or conditions that may cast significant doubt upon the Company’s ability to continue as a going concern. These financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. BASIS OF PREPARATION

2.1. Basis of presentation

The Company’s financial statements have been prepared on the historical cost basis except for revaluation of certain financial assets and financial liabilities to fair value, and are presented in Canadian dollars except where otherwise indicated.

2.2. Statement of compliance

The financial statements, including comparatives, have been prepared in accordance with and using accounting policies in full compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), effective for the Company’s reporting for the year ended May 31, 2024.

3. Material ACCOUNTING POLICIES

3.1. Material accounting judgments and estimates

The preparation of the Company’s financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

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Judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

- i. The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.
- ii. The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's estimate of future profits or losses adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the jurisdictions in which the Company operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized to the extent of the amount expected to be utilized. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

Estimation uncertainty

The following is the key assumption concerning the future and other key sources of estimation uncertainty that has a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

- i. Determining the fair value of warrants and stock options requires estimates related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could have a significant impact on the Company's future operating results or on other components of shareholders' equity (deficiency).
- ii. Management has determined that intangible asset costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including anticipated cash flows and estimated economic life. The amortization expense related to intangible assets is determined using estimates relating to the useful life of the intangible asset.

3.2. Redeemable preference shares

Redeemable preference shares are classified as financial liabilities and are recorded at proceeds received plus redemption premium.

3.3. Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, and short term money market instruments with an original maturity of three months or less, which are readily convertible into a known amount of cash. As at May 31, 2024, the Company had no cash equivalents.

3.4. Intangible assets

3.4.1. Research and development

These costs generally consist of direct and indirect expenditures, including a reasonable allocation of overhead expenses, associated with the Company's various research and development programs. Overhead expenses comprise general and administrative costs incurred to support research and development programs such as rent, facility maintenance, utilities, office services, information technology, legal, accounting and human resources.

Expenditures during the research phase are expensed as incurred. Expenditures during the development phase are capitalized as internally generated intangible assets if the Company can demonstrate each of the following criteria:

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(i) the technical feasibility of completing the intangible asset so that it will be available-for-use or sale; (ii) its intention to complete the intangible asset and use or sell it; (iii) its ability to use or sell the intangible asset; (iv) how the intangible asset will generate probable future economic benefits; (v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and (vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development; otherwise, they are expensed as incurred.

3.4.2. Patents and intellectual property

The amounts shown for patents and intellectual property include legal fees to obtain patents and patent application fees. When the project is still in the research phase, these costs are expensed as incurred. When the project is in the development phase, these costs are capitalized.

3.4.3. Amortization

Intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight-line basis over the estimated useful lives of assets from the date that they are available for use. The residual value of intangible assets is assumed to be zero.

The amortization period and the amortization method for intangible assets with a finite useful life are reviewed on an annual basis. Intangible assets are amortized on a straight line over 20 years.

3.5. Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

3.6. Impairment of non-financial assets

Intangible assets with indefinite useful life or intangible assets not yet available for use are tested for impairment annually and whenever events or changes in circumstances indicate that an asset's carrying amount may be less than its recoverable amount. Other non-financial assets, if any, are tested for impairment whenever an annual review of events or changes in circumstances indicates that an asset's carrying amount may be less than its recoverable amount. Management uses judgment to estimate the asset's recoverable amount, its inputs and any changes to these inputs could have a material impact on the impairment calculation.

For impairment testing, non-financial assets that do not generate independent cash flows on an individual basis are grouped together into cash-generating units ("CGUs"), which represent the lowest level at which largely independent cash flows are generated. An impairment loss is recognized in profit or loss to the extent that the carrying value of an asset, CGU or group of CGUs exceeds its estimated recoverable amount. The recoverable amount of an asset, CGU or group of CGUs is the greater of its value in use and its fair value less cost to sell. Value in use is calculated as the present value of the estimated future cash flows adjusted for the risks specific to the asset group and discounted at appropriate discount rates.

An impairment loss relating to a specific asset reduces the carrying value of the asset. An impairment loss relating to a group of CGUs is allocated on a pro-rata basis to reduce the carrying value of the assets in the units comprising the group. A previously recognized impairment loss related to non-financial assets is assessed at each reporting date for any indication that the loss has decreased or no longer exists. If such indication exists, the recoverable amount is estimated. An impairment loss related to non-financial assets is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying value does not exceed the carrying value that would have been determined, net of depreciation or amortization, if no loss had been recognized.

3.7. Foreign currencies

The Company's reporting currency and functional currency is the Canadian dollar as this is the principal currency of the economic environment in which it operates.

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Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

3.8. Provisions, contingent assets and contingent liabilities

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The risks and uncertainties that inevitably surround many events and circumstances are taken into account in reaching the best estimate of a provision. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized when it is virtually certain that reimbursement will be received if the Company settles the obligation. The reimbursement is treated as a separate asset.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

3.9. Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and recognized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to the warrant reserve. The fair value of options, as determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions, is expensed or capitalized, as appropriate. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that will eventually vest.

3.10. Taxation

Deferred tax is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the reporting date.

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3.11 Financial Instruments

Classification

The Corporation classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The Corporation determines the classification of financial assets at initial recognition. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Corporation can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Corporation has opted to measure them at FVTPL.

Measurement

Financial assets and liabilities classified as fair-value-through-profit or loss are initially recorded at fair value. Realized and unrealized gains and losses arising from changes in the fair value are included in profit or loss in the period in which they arise. Transaction costs are expensed as incurred. Cash and cash equivalents are classified as fair-value-through-profit or loss.

Financial assets and liabilities classified as amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment. Amounts receivable, trade and other payables, advances from L.O.M. Medical International Inc., notes and loans payable, convertible debentures, preferred participation interest and redeemable preferred shares are classified as amortized cost.

Financial assets classified as fair-value-through other comprehensive income are initially recorded at fair value. Unrealized gains and losses arising from changes in the fair value of the financial assets held at fair-value-through other comprehensive income are included in compressive income or loss in the period in which they arise. On recognition, cumulative gains and losses of financial assets in other comprehensive income or loss are reclassified to profit or loss. At May 31, 2024 the Company has not classified any financial assets as fair-value-through other comprehensive income.

Impairment of Financial Assets at Amortized Cost

The Corporation recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Corporation measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk on the financial asset has not increased significantly since initial recognition, the Corporation measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. Regardless of whether credit risk has increased significantly, the loss allowance for trade receivables without a significant financing component classified at amortized cost, are measured using the lifetime expected credit loss approach. Loss allowances for financial assets measured at amortize cost are deducted from the gross carrying amount of the assets. The Corporation shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

The Corporation derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. The Corporation writes-off a financial asset when the party to the financial asset has defaulted on their obligations to the Corporation. Financial liabilities are derecognized when the contractual obligations are discharged, cancelled or expired. Gains and losses on derecognition are generally recognized in the statements of loss and comprehensive loss.

3.12 Share Capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

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3.13 Comparative information

Certain 2023 expenses presented on the statement of loss and comprehensive loss have been reclassified to conform to the presentation used in the current year.

4. CASH

The Company's cash is denominated in the following currencies:

As at	31/May/24	31/May/23
	\$	\$
Denominated in Canadian dollars	276	9,463
Denominated in U.S. dollars	49,861	79,116
Total cash	50,137	88,579

5. PREPAID EXPENSES AND DEPOSITS

The prepaid expenses and deposits are as follows:

As at	31/May/24	31/May/23
	\$	\$
Insurance	-	8,049
Professional fees	4,738	4,181
Total prepaid expenses and deposits	4,738	12,230

6. INTANGIBLE ASSETS

The intangible assets consist of capitalized expenditures related to the development of the Syringes. The changes in the Company's intangible assets are as follows:

	Patents and intellectual property \$	Product development \$	Total \$
Balance, May 31, 2022	1,855,153	3,540,395	5,395,548
Additions	-	-	-
Amortization	(30,919)	(59,007)	(89,926)
Balance, May 31, 2023	1,824,234	3,481,388	5,305,622
Additions	-	-	-
Amortization	(92,758)	(177,020)	(269,777)
Balance, May 31, 2024	1,731,476	3,304,368	5,035,845

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7. ADVANCES FROM L.O.M MEDICAL INTERNATIONAL INC.

The Company's shareholder, L.O.M Medical International Inc. ("L.O.M. Medical"), is a company controlled by common directors and officers. At May 31, 2024 LOM Medical owned Nil (2023 – Nil) Class A common shares of the Company and 7,111,702 (2023 – 7,111,702) Class B common shares of the Company. On May 31, 2024, the Company owed LOM Medical \$Nil (2023 - \$2,156,010). The loan was due on demand, unsecured and bears no interest. During the year, the loan payable to L.O.M was forgiven, resulting in a gain on debt forgiveness of \$2,155,194.

8. NOTES AND LOANS PAYABLE

The following notes and loans were outstanding at May 31 2024, which includes accrued interest of \$1,141,089 (2023 - \$674,262):

- a. The Company issued an unsecured promissory note for \$471,937 (2022 - \$471,937). The note is payable on demand and bears interest of 15% per annum, plus for each month the loan remains outstanding, the note holder receives 5,000 five-year share purchase warrants at an exercise price equal to the sale price of the last Class "B" share sold before the warrants are issued. At May 31, 2024, the principal and interest outstanding was \$998,269 (2023 - \$927,478).
- b. The Company issued four promissory notes for \$284,000 bearing interest at 10% per annum, being unsecured and payable on maturity in January 2018. As of May 31, 2024, one loan totaling \$63,000 remained outstanding and it was repaid in the current year.
- c. The Company issued two promissory notes to a director for CHF\$220,000 (2023 – CHF\$220,000). The notes are denominated in Swiss Francs, bear interest of 10% per annum, are unsecured and are payable on demand. On May 31, 2024, the notes remain outstanding with principal and interest outstanding converted to Canadian dollars of \$512,857.91 (2023 - \$473,730). See also Note 17 and 20.
- d. The Company received loans from LOM Medical Schweiz AG during the 2022 fiscal year for proceeds of \$1,500,000USD. The loans bear interest at 1% per annum and mature on July 10, 2024. The loans are convertible into Company's class "B" common shares at \$3 USD per share upon a liquidation event (i.e. transaction of the Company where all issued and outstanding common shares of the Company are sold, transferred, or exchanged, or sale of all property or assets of the Company).

During the 2023 fiscal year, the Company received loans from LOM Medical Schweiz AG for proceeds totaling \$1,750,000USD. The loans are non-interest bearing and repayable on demand. The loans are convertible into Company's class "B" common shares at \$2 USD per share upon a liquidation event.

On May 31, 2024, the principal and interest outstanding for both loans converted to Canadian dollars is \$4,484,680 (2023 - \$4,459,176).

- e. The Company issued two promissory notes for proceeds of \$450,000USD (2022 - \$200,000USD) bearing interest at 10% per annum which are unsecured and payable on demand. On May 31, 2024, the notes remain outstanding with principal and interest outstanding converted to Canadian dollars of \$710,097 (2023 - \$647,033).
- f. During the 2023 fiscal year the Company received a loan for \$100,000USD. The loan bears interest at 10% per annum, with minimum interest payment being \$10,000USD and is payable on demand. During the current year the Company received a loan for \$50,000USD. The loan bears interest at 10% per annum and is payable on demand. On May 31, 2024, the loan remains outstanding with principal and interest outstanding converted to Canadian dollars of \$238,517 (2023 - \$147,970).

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- g. During the current year the Company received a loan for \$16,000USD. The loan bears interest at 10% per annum, with minimum interest payment being \$1,600USD and is payable on demand or are convertible on demand by the note holder into Class B common shares at a price of \$1.50 per share. On May 31, 2024, the loan remains outstanding with principal and interest outstanding converted to Canadian dollars of \$24,001 (2023 - \$nil).
- h. During the current year the Company received a loan for \$60,000USD. The loan bears interest at 10% per annum, with minimum interest payment being \$6,000USD and is payable on demand or are convertible on demand by the note holder into Class B common shares at a price of \$1.50 per share. On May 31, 2024, the loan remains outstanding with principal and interest outstanding converted to Canadian dollars of \$90,004 (2023 - \$nil).
- i. During the current year the Company received a loan for \$100,000USD. The loan bears interest at 10% per annum, with minimum interest payment being \$10,000USD and is payable on demand or are convertible on demand by the note holder into Class B common shares at a price of \$1.50 per share. On May 31, 2024, the loan remains outstanding with principal and interest outstanding converted to Canadian dollars of \$150,007 (2023 - \$nil).
- j. During the current year the Company received a loan for \$100,000USD. The loan bears interest at 10% per annum, with minimum interest payment being \$10,000USD and is payable on demand or are convertible on demand by the note holder into Class B common shares at a price of \$1.50 per share. On May 31, 2024, the loan remains outstanding with principal and interest outstanding converted to Canadian dollars of \$150,007 (2023 - \$nil).
- k. During the current year the Company received a loan for \$30,000USD. The loan bears interest at 10% per annum, with minimum interest payment being \$3,000USD and is payable on demand or are convertible on demand by the note holder into Class B common shares at a price of \$1.50 per share. On May 31, 2024, the loan remains outstanding with principal and interest outstanding converted to Canadian dollars of \$45,002 (2023 - \$nil).
- l. During the current year the Company received a loan for \$200,000USD. The loan bears interest at 10% per annum, with minimum interest payment being \$20,000USD and is payable on demand or are convertible on demand by the note holder into Class B common shares at a price of \$1.50 per share. On May 31, 2024, the loan remains outstanding with principal and interest outstanding converted to Canadian dollars of \$300,014 (2023 - \$nil).
- m. During the current year the Company received a loan for \$200,000USD. The loan bears interest at 10% per annum, with minimum interest payment being \$20,000USD and is payable on demand or are convertible on demand by the note holder into Class B common shares at a price of \$1.50 per share. On May 31, 2024, the loan remains outstanding with principal and interest outstanding converted to Canadian dollars of \$300,014 (2023 - \$nil).
- n. During the current year the Company received a loan for \$100,000USD. The loan bears interest at 10% per annum, with minimum interest payment being \$10,000USD and is payable on demand or are convertible on demand by the note holder into Class B common shares at a price of \$1.50 per share. On May 31, 2024, the loan remains outstanding with principal and interest outstanding converted to Canadian dollars of \$150,007 (2023 - \$nil).
- o. During the current year the Company received a loan for \$100,000USD. The loan bears interest at 10% per annum, with minimum interest payment being \$10,000USD and is payable on demand or are convertible on demand by the note holder into Class B common shares at a price of \$1.50 per share. On May 31, 2024, the loan remains outstanding with principal and interest outstanding converted to Canadian dollars of \$150,007 (2023 - \$nil).
- p. During the current year the Company received a loan for \$50,000USD. The loan bears interest at 10% per annum, with minimum interest payment being \$5,000USD and is payable on demand or are convertible on demand by the note holder

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into Class B common shares at a price of \$1.50 per share. On May 31, 2024, the loan remains outstanding with principal and interest outstanding converted to Canadian dollars of \$75,004 (2023 - \$nil).

- q. During the current year the Company received a loan for \$50,000USD. The loan bears interest at 10% per annum, with minimum interest payment being \$5,000USD and is payable on demand or are convertible on demand by the note holder into Class B common shares at a price of \$1.50 per share. On May 31, 2024, the loan remains outstanding with principal and interest outstanding converted to Canadian dollars of \$75,004 (2023 - \$nil).
- r. During the current year the Company received a loan for \$220,000CAD. The loan bears interest at 10% per annum, with minimum interest payment being \$22,000USD and is payable on demand or are convertible on demand by the note holder into Class B common shares at a price of \$1.50 per share. On May 31, 2024, the loan remains outstanding with principal and interest outstanding of \$242,000 (2023 - \$nil).
- s. During the current year the Company received a loan for \$30,000USD. The loan bears interest at 10% per annum, with minimum interest payment being \$3,000USD and is payable on demand or are convertible on demand by the note holder into Class B common shares at a price of \$1.50 per share. On May 31, 2024, the loan remains outstanding with principal and interest outstanding converted to Canadian dollars of \$45,002 (2023 - \$nil).
- t. During the current year the Company received a loan for \$150,000USD. The loan bears interest at 10% per annum, with minimum interest payment being \$15,000USD and is payable on demand or are convertible on demand by the note holder into Class B common shares at a price of \$1.50 per share. On May 31, 2024, the loan remains outstanding with principal and interest outstanding converted to Canadian dollars of \$225,011 (2023 - \$nil).
- u. During the current year the Company received a loan for \$100,000USD. The loan bears interest at 10% per annum, with minimum interest payment being \$10,000USD and is payable on demand or are convertible on demand by the note holder into Class B common shares at a price of \$1.50 per share. On May 31, 2024, the loan remains outstanding with principal and interest outstanding converted to Canadian dollars of \$150,007 (2023 - \$nil).
- v. During the current year the Company received a loan for \$50,000USD. The loan bears interest at 10% per annum, with minimum interest payment being \$5,000USD and is payable on demand or are convertible on demand by the note holder into Class B common shares at a price of \$1.50 per share. On May 31, 2024, the loan remains outstanding with principal and interest outstanding converted to Canadian dollars of \$75,004 (2023 - \$nil).
- w. During the current year the Company received a loan for \$100,000USD from a relation of a director. The loan bears interest at 10% per annum, with minimum interest payment being \$10,000USD and is payable on demand or are convertible on demand by the note holder into Class B common shares at a price of \$1.50 per share. On May 31, 2024, the loan remains outstanding with principal and interest outstanding converted to Canadian dollars of \$150,007 (2023 - \$nil).
- x. During the current year the Company received a loan for \$100,000USD from a relation of a director. The loan bears interest at 10% per annum, with minimum interest payment being \$10,000USD and is payable on demand or are convertible on demand by the note holder into Class B common shares at a price of \$1.50 per share. On May 31, 2024, the loan remains outstanding with principal and interest outstanding converted to Canadian dollars of \$150,007 (2023 - \$nil).
- y. During the current year the Company received a loan for \$100,000USD. The loan bears interest at 10% per annum, with minimum interest payment being \$10,000USD and is payable on demand or are convertible on demand by the note holder into Class B common shares at a price of \$1.50 per share. On May 31, 2024, the loan remains outstanding with principal and interest outstanding converted to Canadian dollars of \$150,007 (2023 - \$nil).

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9. CONVERTIBLE DEBENTURES

At May 31, 2024 the Company has unsecured convertible debentures of \$245,466 (US\$180,000) (2023 - \$244,854 (US\$180,000) and accrued interest of \$174,449 (US\$127,923) (2023 - \$137,226 (US\$100,489) at 15% per annum.

The notes (including accrued interest) are repayable on demand or are convertible on demand by the note holder into Class B common shares at a price of \$1.50 per share. No conversions occurred during the year ended May 31, 2024 or 2023.

10. REDEEMABLE PREFERRED SHARES

The Series 1 Preferred shares are:

- Not entitled to receive dividends
- Not entitled to vote
- Rank ahead of all other shareholders in the event of liquidation
- Eligible to be redeemed after three months for \$2 share
- Subject to retraction by the Company with 10 days' notice at \$2 share

Due to the redemption and retraction features, IFRS Accounting Standards requires that the preferred shares be reflected as liabilities. As well, IFRS Accounting Standards requires that the feature of a holder being able to redeem a share for proceeds in excess of the share issue price be separately measured and presented.

The Company issued 947,972 Series 1 Preferred shares and 35,000 Series 1 Preferred shares at \$1.5 per share during the year ended May 31, 2019 and May 31, 2020, respectively. A premium liability of \$0.50 per share was recorded. The premium is included in the carrying value of the redeemable preferred shares as the three-month period since issuance has elapsed.

During the year ended May 31, 2024, nil (2023 – 239,895) Series 1 Preferred shares were redeemed. See Note 12.2.

	Number of shares	Proceeds	Premium liability	Total
Balance, May 31, 2022	487,676	733,015	242,339	975,354
Shares issued	-	-	-	-
Shares redeemed	(239,895)	(359,843)	(119,947)	(479,790)
Balance, May 31, 2023	247,781	373,172	122,392	495,564
Shares issued	-	-	-	-
Shares redeemed	-	-	-	-
Balance, May 31, 2024	247,781	373,172	122,392	495,564

11. PREFERRED PARTICIPATION INTEREST

The Company issued \$788,974 (US\$ 580,000) in Preferred Participation Interest (PPI) at \$1,000 USD per interest unit during the year ended May 31, 2021. Of this PPI, \$90,000 was issued to a director of the Company.

During the current year, the terms of the Preferred Participation Interest debt was changed, and the debt and interest was converted to 1,052,893 class B common shares.

See also Note 12.2.

Zephyrus Innovations Inc. (formerly L.O.M. Laboratories Inc.)

Notes to the Financial Statements

May 31, 2024

(Expressed in Canadian dollars)

12. SHARE CAPITAL

12.1. Authorized share capital

The Company has authorized share capital of an unlimited number of no par value class A, an unlimited number of no par value class B and an unlimited number of no par value preferred shares.

At May 31, 2024, the Company had 28,608,696 (2023 – 25,016,286) Class B common shares outstanding.

12.2. Share issuances

The following shares were issued during the years ended May 31, 2024 and 2023.

2024

The Company issued 1,122,403 Class B common shares for gross proceeds of \$2,104,111.

The Company issued 1,095,000 Class B common shares valued at \$1.5 USD per share to management and consultants.

The Company issued 1,373,293 Class B common shares to settle \$1,926,990 of debts.

The Company issued 7,111,702 Class B common shares for L.O.M. Medical International Inc. shares.

2023

The Company issued 167,300 Class B common shares for gross proceeds of \$251,749. Of these proceeds \$50,000 remain in subscriptions receivable as of May 31, 2023.

The Company issued 1,075,000 Class B common shares valued at \$1.5 per share to management and consultants.

The Company issued 78,537 Class B common shares to settle \$138,174 of debts.

All of 7,109,988 Class A shares were exchanged for Class B shares.

The Company issued 319,859 Class B common shares with value of \$479,789 for redemption of 239,895 Class 1 Preferred Shares. See Note 10.

12.3. Share purchase warrants

There are no outstanding warrants to purchase the Company's Class A Common Shares.

During year ended May 31, 2024, 60,000 (2023 - 60,000) warrants were issued for interest valued of \$63,639 (2023 - \$44,904) using the Black Scholes model with volatility of 61.88%, risk free interest rate of 3.67% and an expected life of 5 years.

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at May 31, 2024 and 2023 and the changes for the years then ended, is as follows:

Year ended 31 May	2024		2023	
	Number of warrants	Weighted average exercise price \$	Number of warrants	Weighted average exercise price \$
Outstanding, beginning of year	450,000	\$ 2.00	1,680,000	\$ 1.98
Granted	60,000	2.00	60,000	2.00
Expired	(210,000)	0.50	(1,290,000)	1.97
Outstanding, end of year	300,000	\$ 2.00	450,000	\$ 2.00

Zephyrus Innovations Inc. (formerly L.O.M. Laboratories Inc.)

Notes to the Financial Statements

May 31, 2024

(Expressed in Canadian dollars)

The weighted average remaining life of outstanding warrants is 2.54 years (2023 – 1.98 years) and the weighted average exercise price is \$2.00 (2023 - \$2.00).

The following is a summary of the Company's outstanding share purchase warrants to purchase the Company's Class B Common Shares as at May 31, 2024:

Zephyrus Innovations Inc. (formerly L.O.M. Laboratories Inc.)

Notes to the Financial Statements

May 31, 2024

(Expressed in Canadian dollars)

Expiry Date	Exercise Price	Warrants Issued
30/Jun/24	\$ 2.00	5,000
31/Jul/24	\$ 2.00	5,000
31/Aug/24	\$ 2.00	5,000
30/Sep/24	\$ 2.00	5,000
31/Oct/24	\$ 2.00	5,000
30/Nov/24	\$ 2.00	5,000
31/Dec/24	\$ 2.00	5,000
31/Jan/25	\$ 2.00	5,000
1/Mar/25	\$ 2.00	5,000
31/Mar/25	\$ 2.00	5,000
1/May/25	\$ 2.00	5,000
1/Jun/25	\$ 2.00	5,000
1/Jul/25	\$ 2.00	5,000
1/Aug/25	\$ 2.00	5,000
1/Sep/25	\$ 2.00	5,000
1/Oct/25	\$ 2.00	5,000
1/Nov/25	\$ 2.00	5,000
1/Dec/25	\$ 2.00	5,000
1/Jan/26	\$ 2.00	5,000
1/Feb/26	\$ 2.00	5,000
1/Mar/26	\$ 2.00	5,000
1/Apr/26	\$ 2.00	5,000
1/May/26	\$ 2.00	5,000
1/Jun/26	\$ 2.00	5,000
1/Jul/26	\$ 2.00	5,000
1/Aug/26	\$ 2.00	5,000
1/Sep/26	\$ 2.00	5,000
1/Oct/26	\$ 2.00	5,000
1/Nov/26	\$ 2.00	5,000
1/Dec/26	\$ 2.00	5,000
1/Jan/27	\$ 2.00	5,000
1/Feb/27	\$ 2.00	5,000
1/Mar/27	\$ 2.00	5,000
1/Apr/27	\$ 2.00	5,000
1/May/27	\$ 2.00	5,000
1/Jun/27	\$ 2.00	5,000
1/Jul/27	\$ 2.00	5,000
1/Aug/27	\$ 2.00	5,000
1/Sep/27	\$ 2.00	5,000
1/Oct/27	\$ 2.00	5,000
1/Nov/27	\$ 2.00	5,000
1/Dec/27	\$ 2.00	5,000
1/Jan/28	\$ 2.00	5,000
1/Feb/28	\$ 2.00	5,000
29/Feb/28	\$ 2.00	5,000
31/Mar/28	\$ 2.00	5,000
30/Apr/28	\$ 2.00	5,000
31/May/28	\$ 2.00	5,000
30/Jun/28	\$ 2.00	5,000
31/Jul/28	\$ 2.00	5,000
31/Aug/28	\$ 2.00	5,000
30/Sep/28	\$ 2.00	5,000
31/Oct/28	\$ 2.00	5,000
30/Nov/28	\$ 2.00	5,000
31/Dec/28	\$ 2.00	5,000
31/Jan/29	\$ 2.00	5,000
28/Feb/29	\$ 2.00	5,000
1/Apr/29	\$ 2.00	5,000
1/May/29	\$ 2.00	5,000
1/Jun/29	\$ 2.00	5,000
		300,000

Zephyrus Innovations Inc. (formerly L.O.M. Laboratories Inc.)

Notes to the Financial Statements

May 31, 2024

(Expressed in Canadian dollars)

13. GENERAL AND ADMINISTRATION EXPENSES

The general and administration expenses for the Company are allocated as follows:

Year ended	May 31, 2024	May 31, 2023
	\$	\$
Bank charges	7,937	5,623
Insurance	44,004	20,690
Management and directors fees	879,000	794,312
Meals and entertainment	41,467	21,540
Office expenses	162,870	325,190
Securities & filing fees	-	2,218
Share-based payments	2,261,139	1,657,404
Telecommunications	11,414	13,335
Transfer agent	17,085	17,736
Travel	341,062	214,659
Website	-	216
Total administration expenses	3,765,979	3,072,923

14. TAXES

14.1. Provision for income taxes

Year ended 31 May	2024	2023
	\$	\$
Income (loss) for the year before income taxes	\$ (7,226,306)	\$ (5,397,564)
Statutory tax rate	27.0%	27.0%
Recovery of income taxes computed at statutory rates	(1,951,100)	(1,457,300)
Non deductible expenses	622,000	456,500
Share issue costs	(5,500)	(5,500)
Unrecognized deferred tax assets	1,124,900	1,006,300
Total income tax (expense) recovery	\$ -	\$ -

14.2. Deferred tax balances

The tax effects of temporary differences that give rise to deferred income tax assets and liabilities are as follows:

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Notes to the Financial Statements

May 31, 2024

(Expressed in Canadian dollars)

As at May 31	2024	2023
	\$	\$
Deferred income tax assets		
Non-capital losses	\$ 7,687,200	\$ 6,632,000
Share issue costs	4,700	10,000
	\$ 7,691,900	\$ 6,642,000
Deferred income tax liabilities		
Intangible assets	\$ 23,800	\$ (49,000)
Valuation allowance	\$ (7,715,700)	\$ (6,593,000)
Net deferred income tax liability	\$ -	\$ -

14.3. Expiry dates

The Company's recognized and unrecognized deferred tax assets related to unused tax losses have the following expiry dates:

May 31,	2024		2023
	\$	\$	\$
Non-capital losses	28,471,000	2025-2044	24,560,000
Financing fees	17,400	2024-2025	37,700
Total	28,488,400		24,597,700

15. CAPITAL RISK MANAGEMENT

The Company's objectives are to safeguard the Company's ability to continue as a going concern in order to support the Company's normal operating requirements.

The Company is dependent on external financing to fund its activities. In order to carry out planned operations and to pay for general administration costs, the Company may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. The Board of Directors reviews and accepts budgets that are achievable considering resources made available from private placements or other funding.

As May 31, 2024, the Company's capital structure consists of equity of the Company (Note 12). The Company is not subject to any externally imposed capital requirements. In order to maximize ongoing development efforts, the Company does not pay dividends.

There were no significant changes in the Company's approach or the Company's objectives and policies for managing its capital.

Zephyrus Innovations Inc. (formerly L.O.M. Laboratories Inc.)

Notes to the Financial Statements

May 31, 2024

(Expressed in Canadian dollars)

16. FINANCIAL INSTRUMENTS

16.1. Categories of financial instruments

As at	Classification	31/May/24 \$	31/May/23 \$
Cash	FVTPL	50,137	88,579
Amounts receivable	Amortized cost	90,357	74,295
Trade and other payables	Amortized cost	1,455,817	1,690,055
Advances from L.O.M. Medical International Inc.	Amortized cost	-	2,156,010
Notes and loans payable	Amortized cost	9,640,535	6,655,387
Convertible debentures	Amortized cost	416,794	382,080
Redeemable preferred shares	Amortized cost	495,564	495,564
Preferred participation Interest	Amortized cost	-	788,974

16.2. Fair value

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.
- Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The Company's fair value of cash and cash equivalents under the fair value hierarchy are measured using Level 1 inputs. The recorded amounts of all other financial assets and financial liabilities approximate their fair value due to the demand nature or their short-term maturity.

16.3. Management of financial risks

The financial risks arising from the Company's operations are credit risk, liquidity risk, interest rate risk and currency risk. These risks arise from the normal course of operations and all transactions undertaken are to support the Company's ability to continue as a going concern. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

16.4. Credit risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises primarily from the Company's cash and cash equivalents and amounts receivable. The Company manages its credit risk relating to cash and cash equivalents by dealing only with highly-rated Canadian financial institutions. As at May 31, 2024, amounts receivable of \$90,357 (2023 - \$74,295) consisted of GST/HST receivables. As a result, credit risk is considered insignificant.

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Notes to the Financial Statements

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(Expressed in Canadian dollars)

Key management of the Company considers that all of the above-noted financial assets are not impaired or past due for the above-mentioned reporting date and are of good credit quality. None of the financial assets are secured by collateral or other credit enhancements.

16.5. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. All amounts, other than preferred participation interest, are due within the next year.

16.6. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company currently does not have any outstanding assets or liabilities bearing variable interest nor any outstanding loans receivable. The Company's interest-bearing loans bear interest at fixed rates. As a result, the Company does not have any exposure to fluctuations in the cash flow interest rate. The Company has no outstanding loans receivable. The Company's current policy is to invest excess cash in certificates of deposits issued by a Canadian financial institution with which it retains its bank accounts.

16.7. Currency risk

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using cash flow forecasting.

The Company's functional and reporting currency is the Canadian dollar and major expenditures are transacted in Canadian dollars. Exposure to currency exchange rates arises from expenditures in the United States, the United Kingdom and Europe. The Company has certain payables and loans in U.S. dollars, British Pounds, and Euros.

The Company does not enter into any forward exchange contracts to mitigate the exposure to foreign currency risk.

17. RELATED PARTY DISCLOSURES

For the years ended May 31, 2024 and 2023, the Company had the following related party transactions.

17.1. Amounts due to related parties

As at	31/May/24 \$	31/May/23 \$
Chairman and company controlled by Chairman	88,507	66,564
CEO	235,330	404,289
COO and Vice President	242,770	276,649
CTO	8,594	-
CFO and company controlled by CFO	31,500	37,874
Total amounts due to related parties	606,703	785,376

17.2. Key management personnel compensation

The remuneration of directors and other members of key management was as follows:

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May 31, 2024

(Expressed in Canadian dollars)

Year ended 31 May	31/May/24 \$	31/May/23 \$
Management and director fees	879,000	794,312
Interest	88,101	56,301
Professional fees	147,240	144,000
Share-based payments	1,900,000	1,350,000
Total key management personnel compensation	3,014,341	2,344,613

See also Note 8.

18. SUPPLEMENTAL CASH FLOW INFORMATION

18.1. Non-cash financing and investing activities

During the year ended May 31, 2024, non-cash investing and financing activities included the following:

- Issuance of 1,095,000 class B common shares as bonus shares to officers, directors and consultants at \$2 per share.
- Issuance of 1,373,293 class B common shares at \$1 and \$1.5 per share for debt valued at \$1,926,990.
- Issuance of 7,111,702 class B common shares for L.O.M. Medical International Inc. shares.

During the year ended May 31, 2023, non-cash investing and financing activities included the following:

- Issuance of 1,075,000 class B common shares as bonus shares to officers, directors and consultants at \$1.5 per share.
- Issuance of 78,537 class B common shares at \$1.5 and \$2 per share for debt valued at \$138,174.
- Issuance of 319,859 shares valued at \$479,789 on redemption of 239,895 Class 1 Preferred Shares.

19. COMMITMENTS

The Company entered into a contract with Vault Paragon Group Inc. under which the company is obligated to purchase services valued at \$961,378 in the June – August 2024 period.

20. SUBSEQUENT EVENTS

The following events occurred after May 31, 2024:

- The Company issued 14,798,357 Class B Shares as follows:
 - 2,045,692 were issued for cash of \$4,266,980,
 - 1,321,925 were issued for services of \$3,615,307,
 - 11,003,996 were issued in a Schweiz Share Exchange of debts of \$5,565,539 that arose subsequent to year end,
 - 422,300 were issued for settlement of loans of \$654,598
 - 4,444 were issued on conversion of preferred redeemable shares valued at \$9,043.
- The Company has an ongoing obligation to issue 5,000 common share purchase warrants entitling a note holder to purchase one class “B” common share at an exercise price equal to the price paid to purchase the last class “B”

Zephyrus Innovations Inc. (formerly L.O.M. Laboratories Inc.)

Notes to the Financial Statements

May 31, 2024

(Expressed in Canadian dollars)

common share sold before the issuance on the first of each month that the note is not repaid. The note remains outstanding. 80,000 \$2 five-year warrants were issued to a note holder subsequent to year-end.

c) 80,000 warrants expired unexercised.

d) The table below summarizes the loan agreements the company entered after May 31, 2024:

Loan Date	Amount	Interest Rate	Terms
October 2024	\$100,000 USD	15%	Due on February 1, 2025 with outstanding balance at end of term converted to 135,000 common class B shares
October 2024	\$50,000 USD	15%	Loan was received from a relation of a director. Due on February 1, 2025 with outstanding balance at end of term converted to 67,500 common class B shares
October 2024	\$50,000 USD	15%	Loan was received from a relation of a director. Due on February 1, 2025 with outstanding balance at end of term converted to 67,500 common class B shares
October 2024	\$100,000 USD	15%	Due on February 1, 2025 with outstanding balance at end of term converted to 135,000 common class B shares
May 2025	\$100,000 USD	15%	Due within 60 days of loan date with outstanding balance at end of term converted to common class B shares at share price of \$1.739 USD per share
June 2025	\$100,000 USD	15%	Due within 60 days of loan date with outstanding balance at end of term converted to common class B shares at share price of \$1.739 USD per share
June 2025	\$50,000 USD	15%	Due within 60 days of loan date with outstanding balance at end of term converted to common class B shares at share price of \$1.739 USD per share
June 2025	\$50,000 USD	15%	Due within 60 days of loan date with outstanding balance at end of term converted to common class B shares at share price of \$1.739 USD per share
June 2025	\$100,000 USD	15%	Due within 60 days of loan date with outstanding balance at end of term converted to common class B shares at share price of \$1.739 USD per share
June 2025	\$50,000 USD	15%	Due within 60 days of loan date with outstanding balance at end of term converted to common class B shares at share price of \$1.739 USD per share
September 2025	\$20,000 USD	15%	Due within 12 months of loan date with outstanding balance at end of term converted to common class B shares at share price of \$1 USD per share
September 2025	\$50,000 USD	15%	Due within 12 months of loan date with outstanding balance at end of term converted to common class B shares at share price of \$1.50 USD per share
September 2025	\$50,000 USD	15%	Due within 12 months of loan date with outstanding balance at end of term converted to common class B shares at share price of \$1 USD per share
September 2025	\$5,000 USD	15%	Due within 12 months of loan date with outstanding balance at end of term converted to common class B shares at share price of \$1 USD per share
September 2025	\$15,000 USD	15%	Due within 12 months of loan date with outstanding balance at end of term converted to common class B shares at share price of \$1 USD per share
September 2025	\$5,000 USD	15%	Due within 12 months of loan date with outstanding balance at end of term converted to common class B shares at share price of \$1 USD per share
September 2025	\$25,000 USD	15%	Due within 12 months of loan date with outstanding balance at end of term converted to common class B shares at share price of \$1 USD per share
September 2025	\$50,000 USD	15%	Due within 12 months of loan date with outstanding balance at end of term converted to common class B shares at share price of \$1 USD per share
September 2025	\$45,000 USD	15%	Due within 12 months of loan date with outstanding balance at end of term converted to common class B shares at share price of \$1 USD per share
September 2025	\$32,309 USD	15%	Due within 12 months of loan date with outstanding balance at end of term converted to common class B shares at share price of \$1 USD per share



Zephyrus Innovations Inc. (formerly L.O.M. Laboratories Inc.)

Financial Statements

May 31, 2025 and 2024

(Expressed in Canadian dollars)

Independent Auditor's Report no audit completed to date

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Zephyrus Innovations Inc. (formerly L.O.M. Laboratories Inc.)**Statement of Financial Position**
(Expressed in Canadian dollars)

	As at 31-May-25	As at 31-May-24
	\$	\$
ASSETS		
Current assets		
Cash	145,290	50,137
Amounts receivable	109,794	90,357
Prepaid expenses and deposits	6,277	4,738
	261,362	145,233
Intangible assets	4,766,067	5,035,845
Total assets	5,027,429	5,181,078
SHAREHOLDERS' DEFICIENCY AND LIABILITIES		
Current liabilities		
Trade and other payables	1,797,254	1,455,817
Notes and loans payable	6,078,738	9,640,535
Convertible debentures	457,850	416,794
Redeemable preferred shares	488,898	495,564
	8,822,739	12,008,709
Total liabilities	8,822,739	12,008,709
Shareholders' Deficiency		
Common shares	60,653,346	34,661,841
Share subscriptions receivable	(99,999)	(149,999)
Warrant reserve	3,410,367	3,400,256
Deficit	(67,759,024)	(44,739,730)
Total shareholders' deficiency	(3,795,310)	(6,827,632)
Total shareholders' deficiency and liabilities	5,027,429	5,181,078

These financial statements were approved for issue on behalf of the Board of Directors on _____, and are signed on its behalf by:

_____ Director

_____ Director

Zephyrus Innovations Inc. (formerly L.O.M. Laboratories Inc.)**Statement of Loss and Comprehensive Loss**

(Expressed in Canadian dollars)

	Year ended 31/May/25 \$	Year ended 31/May/24 \$
Expenses		
Amortization of intangible assets	269,777	269,777
Consulting	670,101	1,852,145
General and administration	1,807,198	3,765,979
Professional fees	2,680,800	1,310,874
Net loss before other items	(5,427,877)	(7,198,775)
Other items		
Foreign exchange (loss) gain	(33,501)	(85,484)
Gain/(Loss) in debt settlement	(16,624,850)	(801,278)
Gain/(Loss) on debt forgiveness	-	2,155,194
Interest and accretion expense	(933,066)	(1,295,963)
Net loss and comprehensive loss	(23,019,295)	(7,226,306)
Loss per share, basic and diluted	(0.73)	(0.23)
Weighted average number of shares – basic and diluted	31,423,885	31,169,374

Zephyrus Innovations Inc. (formerly L.O.M Laboratories)

Statement of Cash Flows

(Expressed in Canadian dollars)

	Year ended	
	31-May-25	31-May-24
	\$	\$
OPERATING ACTIVITIES		
Net loss for the year	(23,019,295)	(7,226,306)
Adjustments for:		
Accrued interest	935,500	1,296,752
Amortization of intangible assets	(269,777)	269,777
Share-based payments	60,112	2,261,138
Gain/(Loss) in debt settlement	16,624,850	801,278
Gain/(Loss) on debt forgiveness	-	(2,155,194)
Foreign exchange	33,501	85,484
Operating cash flows before movements in working capital		
Increase (decrease) in amounts receivable	(19,437)	(16,062)
Increase in prepaid expenses and deposits	(1,539)	7,492
Increase in accounts payable and accrued liabilities	341,437	(134,255)
Cash used in operating activities	(5,314,649)	(4,809,896)
Cash used in investing activity	-	-
FINANCING ACTIVITIES		
Promissory notes issued (net of repayments)	1,142,823	2,667,342
Shares issued, net of share issuance costs	4,266,980	2,104,112
Cash from financing activities	5,409,803	4,771,454
Increase (decrease) in cash	95,154	(38,442)
Cash, beginning of year	50,137	88,579
Cash, end of year	145,290	50,137

Zephyrus Innovations Inc. (formerly L.O.M Laboratories)

Statement of Changes in Shareholders' Deficiency

(Expressed in Canadian dollars)

	Number of shares Class B	Common shares Class B \$	Subscriptions receivable	Contributed surplus \$	Deficit \$	Total \$
Balances, 31 May 2023	25,016,286	27,639,461	(149,999)	3,336,617	(37,513,423)	(6,687,344)
Shares issued for cash	1,122,403	2,104,112				2,104,112
Bonus shares issued to management and consultants	1,095,000	2,190,000				2,190,000
Shares issued for debt	1,375,007	1,926,990				1,926,990
Shares issued for debt		801,278				801,278
Warrants issued				63,639		63,639
Net loss for the year					(7,226,306)	(7,226,306)
Balances, 31 May 2024	28,608,696	34,661,841	(149,999)	3,400,256	(44,739,730)	(6,827,632)
Shares issued for cash	2,045,692	4,266,980				4,266,980
Shares issued for redeemable preferred shares	4,444	6,666				6,666
Shares issued for debt	10,480,000	4,484,680				4,484,680
Shares issued for debt	405,500	608,329				608,329
Shares issued for debt		16,624,850				16,624,850
Loss on Warrant Exercise			50,000	(50,000)		-
Warrants issued				60,112		60,112
Net loss for the year					(23,019,295)	(23,019,295)
Balances, 31 May 2025	41,544,332	60,653,346	(99,999)	3,410,368	(67,759,024)	(3,795,310)

