BETTERMOO(D) FOOD CORPORATION

(FORMERLY: HAPPY GUT BRANDS LIMITED)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED OCTOBER 31, 2022

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED – PREPARED BY MANAGEMENT)

NOTICE OF NO AUDITOR REVIEW OF THE CONDENSED INTERIM CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim condensed interim consolidated financial statements of the Company for the three months ended October 31, 2022, have been prepared by and are the responsibility of the Company’s management, and have not been reviewed by the Company’s auditors.

BETTERMOO(D) FOOD CORPORATION (FORMERLY: HAPPY GUT BRANDS LIMITED)
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Note	October 31, 2022	July 31, 2022
ASSETS			
CURRENT			
Cash		$ 6,433	$ 298,946
Amounts receivable	17	139,238	114,640
Inventory	6	1,620	1,569
Prepaid expenses	7	14,100	23,267
		161,391	438,892
NON-CURRENT			
Product formulations	5, 10	221,000	221,000
Property and equipment	9	59,656	59,022
		$ 442,047	**$ 718,914**
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Liabilities			
CURRENT			
Accounts payable and accrued liabilities	11, 13	$ 695,534	$ 463,023
Loan payable	12	78,183	71,279
		773,717	534,302
NON-CURRENT			
Deferred tax liability	20	23,000	23,000
		796,717	557,302
Shareholders' Equity (Deficiency)			
Share capital	14	28,961,371	28,961,371
Reserves	14	13,296,559	13,296,559
Accumulated other comprehensive income		18,656	26,194
Deficit		(42,692,562)	(42,232,837)
Equity attributable to shareholders of the company		(415,976)	51.287
Non-controlling interest		84,306	110,325
		(331,670)	161,612
		$ 442,047	**$ 718,914**

Going concern (Note 1)
Contingencies (Note 19)
Subsequent events (Note 21)

Authorized for issuance on behalf of the Board on January 13, 2023:

"Joel Shacker" — ***Joel Shacker, Director***

"Geoff Balderson" — ***Geoff Balderson, Director***

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

BETTERMOO(D) FOOD CORPORATION (FORMERLY: HAPPY GUT BRANDS LIMITED)
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Notes	Three months ended October 31, 2022	Three months ended September 30, 2021
			Note 22
Revenue		$ 9,582	$ 1,810
Costs of sales		3,998	18
Gross margin		5,584	1,792
Expenses			
Advertising and marketing	9	66,230	445,836
Amortization of deferred marketing costs		-	-
Consulting fees		76,795	844,359
Depreciation		3,419	-
Office and administrative		45,026	20,374
Product development		80,155	-
Professional fees		87,505	34,559
Rent		13,893	9,000
Selling costs		1,615	
Share based compensation		-	1,810,000
Transfer agent and filing fees		13,267	16,520
Travel and promotions		5,861	145
Wages and benefits	8	122,974	457
		(516,740)	(3,181,250)
Net loss for the period		(511,156)	(3,179,458)
Other comprehensive income (loss)			
Exchange difference on translating foreign operations		(5,126)	3,993
Comprehensive loss for the period		$ (516,282)	$ (3,175,465)
Loss per share - basic and diluted		$ (0.01)	$ (0.07)
Weighted average number of shares outstanding – basic and diluted		64,628,169	43,111,893
Net income (loss) attributed to:			
Shareholders of the Company		$ (485,137)	$ (3,179,458)
Non-controlling interest		(26,019)	-
		$ (511,156)	$ (3,179,458)
Total comprehensive income (loss) attributed to:			
Shareholders of the Company		$ (490,425)	$ (3,175,465)
Non-controlling interest		(25,857)	-
		$ (516,282)	$ (3,175,465)

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

BETTERMOO(D) FOOD CORPORATION (FORMERLY: HAPPY GUT BRANDS LIMITED)
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Share Capital						
	Number of Common Shares	**Amount**	**Reserves**	**Deficit**	**Non-controlling Interest**	**AOCI**	**Total**
Balance, December 31, 2020	**40,712,658**	**$ 7,265,559**	**$ 1,941,352**	**$ (8,950,604)**	**$ -**	**$ 65,226**	**$ 321,533**
Shares issued in private placement, net of share issuance cost and subscription receivable	4,160,520	3,297,000	-	-	-	-	3,297,000
Exercise of stock options	45,000	14,400	-	-	-	-	14,400
Exercise of warrants	1,070,000	428,000	-	-	-	-	428,000
Exercise of broker warrants	17,990	4,498	-	-	-	-	4,498
Share based compensation	-	-	1,810,000	-	-	-	1,810,000
Transfer of fair value on stock options exercised	-	8,247	(8,247)	-	-	-	-
Transfer of fair value on warrants exercised	-	79,961	(79,961)	-	-	-	-
Transfer of fair value on broker warrants exercised	-	2,462	(2,462)	-	-	-	-
Net and comprehensive loss	-	-	-	(3,770,858)	-	(23,666)	(3,794,524)
Balance, September 30, 2021 (Note 22)	**46,006,168**	**$ 11,100,127**	**$ 3,660,682**	**$ (12,721,462)**	**$ -**	**$ 41,560**	**$ 2,080,907**
Balance, July 31, 2022	**64,628,169**	**$ 28,961,371**	**$ 13,296,559**	**$ (42,232,837)**	**$ 110,325**	**$ 26,194**	**$ 161,612**
Net and comprehensive loss	-	-	-	(485,137)	(26,019)	(5,126)	(516,282)
Balance, October 31, 2022	**64,628,169**	**$ 28,961,371**	**$ 13,295,559**	**$ (42,692,562)**	**$ (84,306)**	**$ 18,656**	**$ (331,670)**

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

BETTERMOO(D) FOOD CORPORATION (FORMERLY: HAPPY GUT BRANDS LIMITED)
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Three months ended October 31, 2022	Three months ended September 30, 2021
		Note 22
Operating activities		
Net loss	$ (511,156)	$ (3,770,858)
Items not involving cash:		
Depreciation	3,419	-
Foreign exchange	(2,257)	(8,089)
Share based compensation	-	1,810,000
Changes in non-cash working capital balances:		
Amounts receivable	(24,598)	(43,567)
Inventory	-	5,566
Prepaid expenses	9,637	1,433
Due from related party	-	(118,160)
Accounts payable and accrued liabilities	232,510	160,687
Cash used in operating activities	**(292,445)**	**(1,962,988)**
Investing activities		
Plant and equipment purchases	(2,165)	-
Cash provided by investing activities	**(2,165)**	**-**
Financing activities		
Proceeds from issuance of shares, net of share issue costs	-	3,743,898
Interest paid on repayment of loan payable	-	749
Cash provided by financing activities	**-**	**3,744,647**
Change in cash	(294,610)	1,781,659
Effect of foreign exchange on cash	2,097	(14,833)
Cash, beginning	298,946	308,849
Cash, ending	**$ 6,433**	**$ 2,075,675**

Supplemental Disclosure of Cash Flow Information (Note 15)

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

1. NATURE OF OPERATIONS

Bettermoo(d) Food Corporation (formerly: Happy Gut Brands Limited) (the "Company") was incorporated under the laws of the Province of Ontario, and on August 6, 2019, was continued into British Columbia. The Company's head office and registered and records office is located at 1199 West Hastings Street, Suite 800, Vancouver, British Columbia, Canada, V6E 3T5. On May 19, 2022, the Company changed its name from Happy Gut Brands Limited to Bettermoo(d) Food Corporation. The Company's shares trade on the Canadian securities Exchange under the trading symbol "MOOO," on the OTCQB under the trading symbol "MOOOF," and on the Borse Frankfurt Exchange under the symbol "015."

The Company is an innovative food and beverage company focused on developing and delivering high quality products through online and in-store retail platforms and uses social media to deliver educational experiences for their customer base while demonstrating and pioneering plant-based technologies. The Company's principal products are Moodrink, a vegan oat-based beverage, and Moobert, a vegan nut-based cheese alternative product.

On June 20, 2022, the Company acquired 80% of the issued and outstanding shares of Bella's Organic GmbH ("Bella's") and became a majority owned subsidiary of the Company, as further described in Note 5. On August 4, 2022, Bella's changed its name to Bettermoo(d) GmbH.

On November 12, 2021, the Company acquired all the issued and outstanding shares of Bettermoo(d) Holdings Corp. ("Bettermoo(d)") and Bettermoo(d) became a wholly owned subsidiary of the Company, as further described in Note 5.

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At October 31, 2022, the Company has not achieved profitable operations, has accumulated losses of $42,692,562 since inception and expects to incur further losses in the development of its business.

The Company's continued existence is dependent upon its ability to raise additional capital and to identify and acquire a suitable business opportunity. Failure to do so would have an adverse effect on the financial position of the Company and its ability to continue as a going concern. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. If the going concern assumption were not appropriate for these financial statements, then adjustments may be necessary in the carrying values of assets and liabilities, the reported expenses, and the statement of financial position classifications used. Such adjustments could be material.

2. BASIS OF PREPARATION

(a) Statement of Compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), and in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*.

The condensed interim consolidated financial statements were authorized for issue by the Audit Committee and approved and authorized for issue by the Board of Directors on January 13, 2023

(b) Basis of Measurement

These condensed interim consolidated financial statements have been prepared on a historical basis, except for certain financial instruments that have been measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The condensed interim consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiary, Bettermoo(d) Holdings Corp. The functional currency of Bella's Organic GmbH is the European Euro ("Euro"). The functional currency of Happy Supplements Inc. is the United States Dollar ("USD").

(c) Basis of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries at the end of the reporting period:

	Incorporated	Nature	July 31, 2022	December 31, 2021
Bettermoo(d) GmbH	Lower Austria, Austria	Consumer products	80%	Nil
Bettermoo(d) Holdings Corp.	BC, Canada	Consumer products	100%	100%
Happy Tea Supplements LLC	Florida, USA	Consumer products	100%	100%

The results of the subsidiaries will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity to obtain benefits from its activities. Intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated on consolidation.

Non-controlling interest represents the portion of a subsidiary's earnings and losses and net assets that is not held by the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements for the seven months ended July 31, 2022. The accompanying unaudited condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the seven months ended July 31, 2022.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgments

Management has made critical judgments in the process of applying accounting policies. The one has the most significant effect on the amounts recognized in the financial statements include:

i. The assessment of the Company's ability to continue as a going concern and its ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances. The factors considered by management are disclosed in Note 1.
ii. Management is required to assess the functional currency of the Company. In concluding that the Canadian dollar is the functional currency, management considered the currency that mainly influences the operating expenditures in the jurisdiction in which the Company operates.
iii. Management has applied judgement in determining whether or not the fair value of the services received pursuant to certain agreement can be reliably measured. As a result, the Company has measured the transaction based on the fair value of the equity instruments issued therein
iv. The determination of whether a set of assets acquired, and liabilities assumed in an acquisition constitute a business may require the Company to make certain judgments, taking into account all facts and circumstances. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs, or economic benefits. The acquisition of Bettermoo(d) as described in Note 5 did not constitute a business and was accounted for as an asset acquisition transaction. The acquisition of Bella's as described in Note 5 did constitute a business and was accounted for as a business combination in accordance with IFRS 3.

Significant estimates

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the current and subsequent fiscal financial years:

i. The Company determines its allowance for inventory obsolescence based upon expected inventory turnover, inventory aging, the expiry dates of the products, and current and future expectations with respect to product sales. Assumptions underlying the allowance for inventory obsolescence include future sales trends, marketing strategy and others. These estimates could materially change from period to period due to changes in various factors.
ii. The Company uses the Black-Scholes option pricing model to value options and warrants granted during the year. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates that are subjective and may not be representative.
iii. The determination of whether facts and circumstances suggest that the carrying value of intangible assets may exceed their recoverable amount is an area of significant estimate. Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment, estimates, and interpretations. Determining the recoverable amount of the individual asset or cash generating unit is subject to estimates and judgements. These estimates and judgments are inherently subjective given the company's stage of operations with no revenue producing history.

(Expressed in Canadian Dollars)

5. ACQUISITIONS

Bella's Organic GmbH

On June 20, 2022, the Company completed the acquisition of 80% of the issued and outstanding share capital of Bella's by paying cash of $137,500 and issuing 362,500 common shares to Bella's shareholders. The Company also issued 7,250 common shares with a fair value of $8,918 as an administrative fee to an advisor. The common shares issued to Bella's shareholders are subject to an escrow release schedule. The restricted common share value was estimated using a commonly used option model that estimates the discount related to the lack of marketability of the shares from the contractual restriction. On August 4, 2022, Bella's changed its name to Bettermoo(d) GmbH.

At the date of acquisition, the Company determined that Bella's constituted a business as defined under IFRS 3, *Business Combinations*, and the Bella's acquisition was accounted for as a business combination under the acquisition method. The consideration paid was recognized at the fair value of the common shares of the Company at a price of $1.23 per share, less a liquidity discount.

As a result of the acquisition, intangible assets were identified that met the recognition criteria under IFRS; therefore, the Company recognized the fair value of the intangible assets received and the remaining excess of the consideration paid over the fair value of the assets and liabilities assumed was capitalized as goodwill. Goodwill is recognized as a result of expected synergies between the product offering being developed by the Company's product development activities and the expertise of management in the development of food and beverage products.

The following table shows the finalized allocation of the purchase price to the fair value of the assets acquired and liabilities assumed, based on the estimated fair value, including a summary of the identifiable classes of considered transferred, and amounts by category of assets acquired and liabilities assumed at the acquisition date:

Consideration:		
Cash	$	137,500
Fair value of 362,500 common shares at $1.23 per share		445,875
Less: Liquidity discount		(108,311)
Total consideration		475,064
Fair value of net assets acquired:		
Cash		5,567
Amounts receivable		3,972
Inventory		1,640
Prepaid expenses		2,460
Property, plant, and equipment		65,688
Product formulations		221,000
Goodwill		431,414
Accounts payable and accrued liabilities		(82,661)
Deferred income tax liability		(55,250)
Non-controlling interest		(118,766)
Total net assets		475,064
Fair value of 7,250 common shares at $1.23/share issued as administrative fees		8,918
Transaction expense	**$**	**8,918**

(Expressed in Canadian Dollars)

5. ACQUISITIONS (continued)

As at July 31, 2022, the Company has product formulations for the production of Moobert, a plant-based dairy alternative product. As at July 31, 2022, the Company recognized impairment on goodwill of $431,414 respectively. From the date of acquisition of June 20, 2022, to July 31, 2022, Bella's generated revenues of $4,891 and incurred a net loss of $42,303. In incorporating Bella's financial performance from the beginning of the annual reporting period to the year-end date, the Company would have generated revenues of $20,625 and would incur a consolidated net loss of $4,527,458.

Bettermoo(d) Holdings Corp.

On November 12, 2021, the Company completed the acquisition of all issued and outstanding share capital of Bettermoo(d) by issuing 9,000,001 common shares, 10,000,000 warrants, and 700,000 stock options to Bettermoo(d)'s shareholders. The Company also issued 180,000 common shares with a value of $297,000 as a finders' fee.

At the date of acquisition, the Company determined that Bettermoo(d) did not constitute a business as defined under IFRS 3, *Business Combinations*, and the Bettermoo(d) acquisition was accounted for as an asset acquisition. The consideration paid was determined as an equity share-based payment under IFRS 2, *Share-based* payments, and recognized at the fair value of the common shares of the Company at a price of $1.65 per share. As a result of the transaction, the Company replaced 10,000,000 warrants, with a fair value of $9,308,645, and 700,000 stock options, with a fair value of $1,049,939. The warrants were valued using the Black-Scholes Option Pricing model using the following assumptions: Risk free rate of 0.98%; Volatility of 100%; Stock Price of $1.65; Exercise price of $1.40; Dividend yield of Nil% and expected life of 2 years. The stock options were valued using the Black-Scholes Option Pricing model using the following assumptions: Risk free rate of 1.45%; Volatility of 100%; Stock Price of $1.65; Exercise price of $0.30; Dividend yield of Nil% and expected life of 5 years.

As a result of the acquisition, intangible assets were identified that met the recognition criteria under IFRS; therefore, the Company recognized the fair value of the intangible assets received and the remaining excess of the consideration paid over the fair value of the assets and liabilities assumed was expensed as transaction expense.

The following table shows the finalized allocation of the purchase price to the fair value of the assets acquired and liabilities assumed, based on the estimated fair value, including a summary of the identifiable classes of considered transferred, and amounts by category of assets acquired and liabilities assumed at the acquisition date:

Consideration:		
Fair value of 9,000,001 common shares at $1.65 per share	$	14,850,002
Fair value of 10,000,000 replacement warrants		9,308,645
Fair value of 700,000 replacement stock options		1,049,939
Total consideration		25,208,586
Fair value of net assets acquired:		
Cash		267,425
Deferred marketing costs		369,957
Product formulations		522,000
Accounts payable and accrued liabilities		(144,270)
Total net assets		1,015,112
Fair value of 180,000 common shares at $1.65 per share issued as finders' fee		297,000
Transaction expense	**$**	**24,490,474**

(Expressed in Canadian Dollars)

5. ACQUISITIONS (continued)

As at July 31, 2022, the Company has product formulations and related patents for the production of Moodrink, a plant-based dairy alternative beverage. Pursuant to the acquisition of Bettermoo(d) and as at July 31, 2022, the Company has recognized $522,000 (December 31, 2021 – $522,000) in product formulations. As at July 31, 2022, the Company recognized impairment on product formulations of $522,000 (2021 - $Nil).

6. INVENTORY

Inventory is comprised raw materials related to the production of Moobert and related dairy alternative cheese products. During the three months ended October 31, 2022, the Company recorded a $NIL write-down on its inventory (seven months ended July 31, 2022 - $NIL) and expensed $3,998 of inventory as cost of sales (year ended July 31, 2022 - $3,163).

7. PREPAID EXPENSES

Prepaid expenses relate to a rental deposit for the Bella's facility and prepayments rendered to third-party vendors for services to be incurred related to marketing and investor relations activities. During the three months ended October 31, 2022, the Company impaired prepaid expenses of $Nil (July 31, 2022 – $Nil).

8. DEFERRED MARKETING COSTS

On September 21, 2021, Bettermoo(d) entered into a marketing agreement with Adams Communications Inc. ("Adams") whereby it engaged Adams to produce marketing and promotional content for the use by Bettermoo(d). The term of the agreement is from September 21, 2021 to December 31, 2022; however, as part of the agreement, Bettermoo(d) will hold an exclusive royalty free license to use the content produced by Adams until December 31, 2024. The consideration for the services and license is as follows:

Consideration		Amount
Cash payment upon execution of the agreement	$	300,000
Cash payment to be made at seven months subsequent to the execution of the Agreement		200,000
2,000,000 shares upon execution of the agreement		140,000
Total	$	640,000

As at March 21, 2022, Bettermoo(d) had paid fully paid $500,000 in cash and issued 2,000,000 common shares to Adams pursuant to the agreement.

A continuity of the deferred marketing costs is as follows:

		Amount
Balance, January 1, 2021	$	-
Acquired from Bettermoo(d)		369,957
Accrued cash payment (paid on March 21, 2022)		200,000
Amount expensed		(71,113)
Balance, December 31, 2021		498,844
Amount expensed		(293,276)
Impairment provision		(205,568)
Balance, July 31, 2022	$	-

(Expressed in Canadian Dollars)

8. DEFERRED MARKETING COSTS (continued)

As at July 31, 2022, the Company recognized an impairment provision of the deferred marketing costs of $205,568. On December 9, 2022, Bettermoo(d) entered into an amended and restated marketing agreement with Adams to extend the term of the contract to December 31, 2023 and increase the scope of services to be provided by paying cash of $150,000.

9. PROPERTY, PLANT, AND EQUIPMENT

	Manufacturing Equipment $	Factory and Office Equipment $	Furniture & Fixtures $	Total $
Cost, December 31, 2021 and 2020	-	-	-	-
Acquired from Bella's acquisition	23,028	27,977	14,683	65,688
Foreign exchange	(981)	(1,192)	(626)	(2,799)
Cost, July 31, 2022	22,047	26,785	14,057	62,889
Additions	2,165	-	-	2,165
Foreign exchange	703	777	408	1,888
Cost, October 31, 2022	24,915	27,562	14,465	66,942
Accumulated depreciation, December 31, 2021 and 2020	-	-	-	-
Depreciation	1,355	1,647	865	3,867
Accumulated depreciation, July 31, 2022	1,355	1,647	865	3,867
Depreciation	1,273	1,408	738	3,419
Accumulated depreciation, October 31, 2022	2,628	3,055	1,603	7,286
Net book value, July 31, 2022	**20,692**	**25,138**	**13,192**	**59,022**
Net book value, October 31, 2022	**22,287**	**24,507**	**12,862**	**59,656**

10. PRODUCT FORMULATIONS AND GOODWILL

Product Formulations

The Company has recognized product formulations and patents for the production of Moodrink, a plant-based dairy alternative beverage derived from oats from the acquisition of Bettermoo(d). As the Company has yet to utilize these formulations in active production, no amortization has been recognized related to these product formulations.

The Company has recognized product formulations for the production of Moobert and other variants of vegan plant-based dairy alternative cheese products from the acquisition of Bella's. Activity from the acquisition date to the ten months ended October 31, 2022 are minimal; therefore, no depreciation has been recognized on the product formulations for the period between acquisition and year-end.

As at October 31, 2022, the Company has recognized $221,000 (July 31, 2022 - $522,000) in product formulations further to the impairment assessment noted below.

Goodwill

As at October 31, 2022, the Company has recognized $Nil (July 31, 2022 - $Nil) in goodwill pursuant to the acquisition of Bella's (Note 5). Further to the impairment assessment noted below, the goodwill was impaired from $431,414 to $Nil at July 31, 2022.

(Expressed in Canadian Dollars)

10. PRODUCT FORMULATIONS AND GOODWILL (continued)

Impairment of Licenses and Goodwill (continued)

Intangible assets (product formulations) and goodwill are tested annually for impairment by comparing the carrying value of the CGU to the estimated recoverable amount, where the recoverable amount is the higher of the fair value less costs of disposal and value in use. The Company determined that all of the assets and liabilities acquired from the Bettermoo(d) transaction, described in Note 5, represent one CGU. The Company determined that all of the assets and liabilities acquired from the Bella transaction, described in Note 5, represent one CGU. The recoverable amount for the CGU is determined using the discounted cash flow approach, which discounts the earnings projections derive from the business plans prepared by the Company. The projections reflect management's expectations of revenue, profit margins, capital expenditures, working capital, and operating cash flows, which are based on past experience and future expectations of performance.

The Company completed an impairment test for intangible assets and goodwill as at July 31, 2022 based on management's best estimates of market participant assumptions including weighted average cost of capital. The forecasts are based on management's best estimate using market participant assumptions considering historical and expected operating plans, current strategies, economic conditions, and the general outlook for the industry and markets in which the CGUs operate.

As at July 31, 2022, the Company noted indicators of impairment of the Bettermoo(d) CGU due to uncertainties related to the product formulation. The Company's impairment analysis indicated that the recoverable amount of the CGU did not exceed is carrying value and therefore the intangible asset allocated to the CGU was impaired. A resulting impairment of the product formulation of $522,000 was recognized.

The recoverable amount of the Bella's CGUs was based on fair value less cost of disposal using a discounted cash flow model, which requires management to make a number of significant assumptions including assumptions relating to future operating plans, discount rates and future growth rates. The assumption included the Company's pre-tax weighted average cost of capital at the assessment date (level 3 within the fair value hierarchy). Management has prepared cash flow estimates for a five-year period which are extrapolated using estimated terminal growth rate of 2.5% and a discount rate in the range (pre-tax) of 25% - 26%. The recoverable amount of the CGU was not in excess of its carry amount, and a impairment of goodwill of $431,414 was recognized.

The Company has concluded that Bella's CGU and Bettermoo(d) CGU required an aggregate impairment of $431,414 to goodwill and $522,000 to intangible assets as a result of the recoverable amounts being less than the carrying amount of the CGUs as at July 31, 2022. As at December 31, 2021, no indicators of impairment were identified.

As at July 31, 2022, a 1% change in the discount rate used would not result in additional impairment of the CGUs.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		October 31, 2022		July 31, 2021
Accounts payable	$	602,844	$	402,030
Accrued liabilities		92,690		60,993
	$	695,534	$	463,023

(Expressed in Canadian Dollars)

12. LOAN PAYABLE

On May 21, 2020, the Company received a Small Business Administration ("SBA") loan of US $50,857 through an accredited lender under the Paycheck Protection Program (the "PPP") program pursuant to the Federal Government Cares Act. The loan bears interest at 1% per annum and is repayable over 18 months, with principal and interest deferred for the first year. The PPP allows for full loan forgiveness if the Company meets certain eligibility requirements, which is subject to the lender's evaluation of the Company's use of the proceeds. As at October 31, 2022, the Company determined that it could not reasonably assure whether it has met the requirements, as a result $Nil was recognized into government grant in relation to the loan forgiveness during the year.

The SBA loan was accounted for using the effective interest rate method and was discounted using a rate of 12% per annum, with discount portion recognized as government grant. The loan was fully accreted during the year and the Company recognized an interest expense of $2,259 (three months ended September 30, 2021 – $1,441) that is recorded in the statements of loss and comprehensive loss for the three months ended October 31, 2022. The payments due on the SBA loan is summarized as follows:

	October 31, 2022	July 31, 2022
Within one year	$ 78,183	$ 71,279
One to two years	-	-
	78,183	71,279
Less: amount representing interest payments	-	-
Total loan payable	78,183	71,279
Loan payable – current portion	78,183	71,279
Loan payable – long-term portion	$ -	$ -

On April 27, 2021, and April 28, 2021, the Company entered into loan agreements with two third-party creditors for a total of $75,000, which are unsecured, bear interest at 3% per annum and are due on or before December 31, 2021. As at December 31, 2021, these loans have been repaid and the Company made total interest payments of $749.

13. RELATED PARTY BALANCES AND TRANSACTIONS

Key management compensation

Related party transactions not otherwise described in these financial statements are shown below. The remuneration of the Company's directors and other members of key management, individuals who have the authority and responsibility for planning, directing, and controlling the activities of the Company are as follows:

	Three months ended October 31, 2022	Seven months ended July 31, 2021
Key Management Compensation		
Consulting fees	$ 25,795	$ 75,146
Wages and benefits	30,000	70,000
Share-based compensation	-	554,712
	$ 55,795	$ 699,858

Included in the accounts payable and accrued liabilities is $11,547 (July 31, 2022 – $32,603) related to the services incurred and expense reimbursements due to management and directors.

(Expressed in Canadian Dollars)

14. SHARE CAPITAL

a) Share capital

Authorized

Unlimited number of common voting shares without par value.

Shares in Escrow

As at October 31, 2022, the Company had 7,650,000 (July 31, 2022 – 7,650,000) shares held in escrow. Pursuant to the terms of the escrow agreement dated March 25, 2021, the remaining escrow shares will be released over a two-year period starting December 14, 2022 with 2,550,000 shares being released every 6 months thereafter.

b) Issued and outstanding

<u>During the three months ended October 31, 2022:</u>

There were no share capital transactions for the three months ended October 31, 2022.

<u>During the seven months ended July 31, 2022:</u>

On June 20, 2022, the Company completed the acquisition of 80% of the issued and outstanding shares of Bella's and issued 362,500 common shares with a fair value of $337,564. The Company also issued 7,250 common shares with a fair value of $8,918 as administrative fees.

On January 17, 2022, in connection with the private placement closed on September 3, 2021, the Company collected outstanding share subscription receivables of $5,000.

During the seven months ended July 31, 2022, pursuant to the exercise of stock options, the Company issued 1,000 common shares for proceeds of $1,050. The fair value of stock options of $823 was transferred from contributed surplus to share capital on the stock options exercised.

During the seven months ended July 31, 2022, pursuant to the exercise of warrants, the Company issued 9,000,000 common shares for proceeds of $450,000. The fair value of warrants of $1,399,622 was transferred from contributed surplus to share capital on the warrants exercised.

c) Warrants

Warrant transactions and the number of warrants outstanding as at October 31, 2022 and July 31, 2022 are summarized as follows:

	October 31, 2022		July 31, 2022	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning	14,127,500	$ 1.72	23,127,500	$ 1.07
Exercised	-	$ -	(9,000,000)	$ 0.05
Outstanding, ending	14,127,500	$ 1.11	14,127,500	$ 1.07

(Expressed in Canadian Dollars)

14. SHARE CAPITAL (continued)

c) Warrants (continued)

The following warrants were outstanding and exercisable as at October 31, 2022:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding and Exercisable
September 3, 2023	0.84	$ 2.50	4,127,500
November 12, 2023	1.03	$ 0.54	10,000,000
	0.98	$ 1.11	14,127,500

On October 6, 2022, the Company repriced the 10,000,000 warrants issued on November 12, 2021, from an exercise price of $1.40 to an exercise price of $0.54. The weighted average share price on the date of exercise for warrants was equal to $Nil (July 31, 2022 – $1.24).

d) Stock options

The Company has a stock option plan to grant incentive stock options to directors, officers, employees and consultants. Under the plan, the aggregate number of common shares that may be subject to option at any one time may not exceed 10% of the issued common shares of the Company as of that date, including options granted prior to the adoption of the plan. The exercise price of these options is not less than the Company's closing market price on the day prior to the grant of the options less the applicable discount permitted by the CSE and will not otherwise be less than $0.10 per share. Options granted may not exceed a term of five years. All options vest when granted unless otherwise specified by the Board of Directors.

Stock options transactions and the number of stock options outstanding as at October 31, 2022 and July 31, 2022 are summarized as follows:

	October 31, 2022		**July 31, 2022**	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning	4,434,000	$ 1.04	2,900,000	$ 0.87
Granted	-	$ -	1,550,000	$ 1.35
Exercise	-	$ -	(1,000)	$ 1.05
Forfeited	-	$ -	(15,000)	$ 1.05
Outstanding, ending	4,434,000	$ 1.04	4,434,000	$ 1.04

(Expressed in Canadian Dollars)

14. SHARE CAPITAL (continued)

d) Stock options (continued)

The following stock options were outstanding and exercisable as at October 31, 2022:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding and Exercisable
July 9, 2026	3.69	$ 1.05	2,184,000
November 12, 2026	4.04	$ 0.30	700,000
January 25, 2027	4.24	$ 1.35	1,550,000
	3.94	$ 1.04	4,434,000

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its stock options granted. The fair value of stock options issued was calculated using the following weighted average assumptions:

	Three months ended October 31, 2022	Seven months ended July 31, 2022
Risk-free interest rate	-	1.64%
Expected option life in years	-	5 years
Expected share price volatility*	-	100%
Expected forfeiture rate	-	-
Expected dividend yield	-	Nil

*The share price volatility was determined based on the Company's historical volatility and comparable entities' historical volatility in share price due to the Company's limited trading history.

15. SUPPLEMENTAL CASH FLOW

	For the three months ended October 31, 2022	For the three months ended September 31,
Cash paid during the period		
Interest	$ -	$ 749
Income taxes	$ -	$ -
Non-cash financing and investing activities		
Fair value transferred on exercise of stock options	$ -	$ 8,247
Fair value transferred on exercise of warrants	$ -	$ 79,961
Fair value transferred on exercise of broker warrants	$ -	$ 2,462

(Expressed in Canadian Dollars)

16. NON-CONTROLLING INTEREST

The Company's 80% interest in Bella's is consolidated into the Company's consolidated financial statements. The 20% interest attributable to a minority shareholder is presented as "non-controlling interest" within shareholders' deficiency on the consolidated statement of financial positions.

The following table summarizes the non-controlling interest relating to Bella's as at October 31, 2022 and July 31, 2022:

	Three months ended October 31, 2022	Seven months ended July 31, 2022
Balance, beginning of the period	$ -	$ -
Non-controlling interest on acquisition of Bella's (Note 5)	110,325	118,766
Share of income (loss) for the period)	(26,019)	(8,441)
Foreign exchange on translation	-	-
Balance, end of the period	**$ 84,306**	**$ 110,325**

The following table summarizes the consolidation financial position for Bella's as at October 31, 2022 and July 31, 2022:

	October 31, 2022	July 31, 2022
Assets		
Current	$ 24,577	$ 85,672
Non-current	149,462	280,022
	305,233	365,694
Liabilities		
Current	126,828	58,818
Non-current	-	-
	126,828	59,818
Net assets	178,405	306,876

The following table presents the loss and comprehensive loss of Bella's for the three month period ended October 31, 2022 and seven month period ended July 31, 2022:

	Three months ended October 31, 2022	Seven months ended July 31, 2022
Profit (loss) attributable to non-controlling interest	$ (26,019)	$ (8,441)
Foreign exchange on translation adjustment	162	170
Comprehensive (loss) attributable to non-controlling interest	$ (25,857)	$ (8,271)

17. FINANCIAL INSTRUMENTS

The carrying values of cash, amounts receivable, accounts payable and accrued liabilities and loan payable approximate their fair values due to their short-term nature.

a) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit risk the Company is exposed to is 100% of cash and its receivables. The Company's cash is held at a large Canadian financial institution. At October 31, 2022, amounts receivable of $139,238 included $133,399 of receivables related to refundable government goods and services tax and trade receivables of $5,839.

b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company's objective to managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due. The accounts payable and accrued liabilities are typically due in 30 days, which are settled using cash. As at October 31, 2022, the Company has a working capital deficiency of $612,326.

Management is considering different alternatives to secure adequate debt or equity financing to meet the Company's short term and long-term cash requirement.

At present, the Company's operations do not generate positive cash flow. The Company's primary source of funding has been the issuance of equity securities. Despite previous success in acquiring financing, there is no guarantee of obtaining future financings.

b) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's operations, income, or the value of the financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the returns. The Company is exposed to market risk as follows:

i) 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 is not exposed to significant interest rate risk due to the short-term to maturity of its financial instruments. The Company had no interest rate swap or financial contracts in place as at October 31, 2022. Interest rate risk is minimal as promissory notes have a fixed interest rate.

ii) Price risk

The Company has limited exposure to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's profit or loss due to movements in individual equity prices or general movements in the level of the stock market.

(Expressed in Canadian Dollars)

18. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard its ability to continue as a going concern. In order to facilitate the management of its capital requirements, the Company prepares periodic budgets that are updated as necessary. The Company manages its capital structure and adjusts it to effectively support the Company's objectives. In order to pay for general administrative costs, the Company will raise additional amounts as needed.

The Company reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company considers shareholders' equity and working capital as components of its capital base. The Company may access capital through the issuance of shares or the disposition of assets. Management historically funds the Company's expenditures by issuing share capital rather than using capital sources that require fixed repayments of principal and/or interest. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products. The Company believes it will be able to raise additional equity capital as required, but recognizes the uncertainty attached thereto. There were no changes to the Company's approach to capital management during the three months ended October 31, 2022.

19. CONTINGENCIES

The Company may be involved in legal claims or disputes that arise in the normal course of operations. Management is of the opinion that the outcome of such claim(s) or potential claim(s), if any, will not have a material adverse impact on the Company's financial position or results of operations. Accordingly, no provision was made for the outstanding claim as at the date of the condensed interim consolidated financial statements.

20. SEGMENTED INFORMATION

The Company has two reportable operating segments, Moodrink and Moofrais & Moobert. Moodrink is a vegan oat-based beverage in the development stages in Canada. Moofrais & Moobert is a vegan nut-based cheese alternative product that is manufactured and distributed for sale in Austria. The segments are separately managed for reporting purposes.

Performance is measured based on segment net income before incomes taxes, as included in the internal management reports reviewed by the Company's chief operating decision maker. Management has determined that this measure is the most relevant in evaluating segment results.

The following table summarizes the Company's reportable operating segments for the period ended October 31, 2022:

	Moodrink	**Moofrais & Moobert**	**Corporate**	**Total**
	$	$	$	$
Segment Information				
Revenue	-	9,582	-	9,582
Cost of sales	-	(3,998)	-	(3,998)
Operating expenses	(158,825)	(134,869)	(223,046)	(516,740)
Other expenses	-	-	-	-
Net loss	**(158,825)**	**(129,285)**	**(223,046)**	**(511,156)**

(Expressed in Canadian Dollars)

20. SEGMENTED INFORMATION (continued)

The following table summarizes the Company's reportable operating segments for the period ended July 31, 2022:

	Moodrink	Moofrais & Moobert	Corporate	Total
	$	$	$	$
Revenue	-	4,891	-	4,891
Cost of sales	-	(3,163)	-	(3,163)
Operating expenses	(1,414,948)	(40,064)	(749,837)	(2,204,849)
Depreciation	-	(3,867)	-	(3,867)
Impairment of deferred marketing costs	(205,568)	-	-	(205,568)
Impairment of goodwill	-	(431,414)	-	(431,414)
Impairment of product formulations	(522,000)	-	-	(522,000)
Income tax recovery	-	29,838	-	29,838
Share based compensation	-	-	(1,103,503)	(1,103,503)
Transaction expense	-	-	(8,918)	(8,918)
Net loss	**(2,142,516)**	**(443,779)**	**(1,862,258)**	**(4,448,553)**
Total assets	62,849	365,695	290,370	718,914
Property, plant and equipment	-	59,022	-	59,022
Intangible assets	-	221,000	-	221,000
Liabilities	151,176	81,858	324,308	557,342

The Company's non-current, non-financial assets are located in the following geographical areas:

October 31, 2022	Canada	Austria	Total
	$	$	$
Property, plant, and equipment	-	59,656	59,656
Product formulation	-	221,000	221,000
Total	**-**	**280,656**	**280,656**

July 31, 2022	Canada	Austria	Total
	$	$	$
Property, plant, and equipment	-	59,022	59,022
Product formulation	-	221,000	221,000
Total	**-**	**280,022**	**280,022**

21. SUBSEQUENT EVENTS

On November 4, 2022, the Company completed a private placement for the issuance of 1,470,588 units a price of $0.34 per unit for gross proceeds of $500,000. Each unit consists of one common share and one warrant, exercisable at a price of $0.45 for two years from the closing date. The warrants have a fair value of $Nil based on the residual value method.

In connection with the private placement, the Company issued 14,706 common shares as administrative fees to a third party who assisted with facilitating the transaction, valued at $6,985.

On December 8, 2022, the Company entered into a loan agreement for the receipt of $300,000. Pursuant to the loan agreement, the loan bears an interest rate of 5% per annum and is due on demand.

21. SUBSEQUENT EVENTS (continued)

On December 9, 2022, Bettermoo(d) entered into an amended and restated marketing agreement with Adams to extend the term of the contract to December 31, 2023 and increase the scope of services to be provided by paying cash of $150,000.

On January 9, 2023, Bettermoo(d) entered into a loan agreement for the receipt of $25,000. Pursuant to the loan agreement, the loan bears interest rate of 5% per annum and is due on demand.

22. COMPARATIVE FIGURES

MOOO changed its year end from December 31, 2022 to July 31, 2022. Accordingly, the comparative figures for the statement of changes in shareholders' equity, statements of loss and comprehensive loss, and statements of cash flows are for the three months ended September 30, 2021.