

# **EMERGENCE GLOBAL ENTERPRISES INC.**

**(FORMERLY VELOCITY DATA INC.)**

Condensed Interim Consolidated Financial Statements

For the six months ended April 30, 2021 and 2020

(Expressed in United States dollars)

**EMERGENCE GLOBAL ENTERPRISES INC.**  
**(FORMERLY VELOCITY DATA INC.)**  
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**(Expressed in United States dollars)**

As at	Note	April 30, 2021 \$	October 31, 2020 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		224,275	3,345
Inventory		545,453	-
Accounts receivable		21,895	10
<b>Current assets</b>		<b>791,623</b>	<b>3,355</b>
<b>Non-current assets</b>			
Property and equipment		219,567	-
Goodwill		3,661,467	-
<b>Total assets</b>		<b>4,672,657</b>	<b>3,355</b>
<b>Liabilities and shareholders' deficit</b>			
<b>Current liabilities and total liabilities</b>			
Accounts payable and accrued liabilities		466,188	237,449
Loans payable	4	1,174,108	627,375
Due to related parties	5	200,076	78,293
<b>Current liabilities and total liabilities</b>		<b>1,840,372</b>	<b>943,117</b>
<b>Shareholders' deficit</b>			
Share capital		4,819,690	985,994
Share-based payment reserve		297,846	225,156
Accumulated other comprehensive income (loss)		(86,891)	(29,341)
Deficit		(2,198,360)	(2,121,571)
<b>Total shareholders' deficit</b>		<b>2,832,285</b>	<b>(939,762)</b>
<b>Total liabilities and shareholders' deficit</b>		<b>4,672,657</b>	<b>3,355</b>

Nature of operations and going concern (Note 1)

Approved and authorized for issuance by the Board of Directors on June 22, 2021.

/s/ "Joe Byrne"  
Joe Byrne, CEO

/s/ "Diego Felipe Rodriguez"  
Diego Felipe Rodriguez, CFO

(The accompanying notes are an integral part of these condensed consolidated financial statements)

**EMERGENCE GLOBAL ENTERPRISES INC.**  
**(FORMERLY VELOCITY DATA INC.)**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
**(Expressed in United States dollars)**

	For the three months ended, April 30, 2021 \$	For the three months ended, April 30, 2020 \$	For the six months ended, April 30, 2021 \$	For the six months ended, April 30, 2020 \$
Revenue	417,183	-	418,708	-
Cost of sales	322,166	-	322,578	-
Gross Profit	-	-	96,130	-
Expenses				
Selling, general and administrative expenses	148,749	18,874	169,719	40,881
Total expenses	148,749	18,874	169,719	40,881
Loss before other income (expense)	(148,749)	(18,874)	(73,589)	(40,881)
Financial expenses				
Interest expense	3,050	(6,776)	(3,200)	(14,364)
Other income (expense), net	-	-	-	-
Total other income (expense)	3,050	(6,776)	(3,200)	(14,364)
<b>Net income (loss)</b>	<b>(145,699)</b>	<b>(25,650)</b>	<b>(76,789)</b>	<b>(55,245)</b>
Other comprehensive income (loss)				
Foreign currency translation income (loss)	(14,222)	32,999	(57,550)	34,990
<b>Comprehensive gain (loss)</b>	<b>(159,921)</b>	<b>7,349</b>	<b>(134,339)</b>	<b>(20,255)</b>
<b>Net loss per share - basic and diluted</b>	<b>(0.01)</b>	<b>0.00</b>	<b>(0.01)</b>	<b>(0.00)</b>
<b>Weighted average number of common shares outstanding</b>	<b>17,675,922</b>	<b>16,156,971</b>	<b>17,679,209</b>	<b>16,156,971</b>

(The accompanying notes are an integral part of these condensed consolidated financial statements)

**EMERGENCE GLOBAL ENTERPRISES INC.**  
**(FORMERLY VELOCITY DATA INC.)**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT)**  
**(Expressed in United States dollars)**

	<u>Share Capital</u>		<u>Share-based payment reserve</u>	<u>Accumulated other comprehensiv e income (loss)</u>	<u>Deficit</u>	<u>Total</u>
	<u>Number of shares</u>	<u>\$</u>				
Balance as at October 31, 2019	16,081,971	969,609	225,156	(33,077)	(8,476,332)	(7,314,644)
Shares issued for settlement of related party debt	75,000	57	-	-	-	57
Foreign exchange translation gain (loss)	-	-	-	34,990	-	34,990
Net income (loss) for the year	-	-	-	-	(55,245)	(55,245)
<b>Balance as at April 30, 2020</b>	<b>16,156,971</b>	<b>969,666</b>	<b>225,156</b>	<b>1,913</b>	<b>(8,531,577)</b>	<b>(7,334,842)</b>
Balance as at October 31, 2020	16,156,971	985,994	225,156	(29,341)	(2,121,571)	(939,762)
Shares issued for acquisition of subsidiary	4,525,000	3,833,696	-	-	-	3,833,696
Share-based payment reserve	-	-	72,690	-	-	72,690
Foreign exchange translation gain (loss)	-	-	-	(57,550)	-	(57,550)
Net income (loss) for the period	-	-	-	-	(76,789)	(76,789)
<b>Balance as at April 30, 2021</b>	<b>20,681,971</b>	<b>4,819,690</b>	<b>297,846</b>	<b>(86,891)</b>	<b>(2,198,360)</b>	<b>2,832,285</b>

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

**EMERGENCE GLOBAL ENTERPRISES INC.**  
**(FORMERLY VELOCITY DATA INC.)**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Expressed in United States dollars)**

	For the six months ended, April 30, 2021 \$	For the six months ended, April 30, 2020 \$
<b>Operating activities</b>		
Net income (loss) from continuing operations	(76,789)	(55,245)
Items not affecting cash:		
Shares issued for services	-	57
Net assets from acquisition	172,229	-
Changes in non-cash operating working capital:		
Inventory	(545,453)	-
Accounts receivable	(21,885)	-
Property and equipment	(219,567)	
Accounts payable and accrued expenses	228,739	46,264
Due to related parties	121,783	3,215
<b>Net cash flows provided by (used in) operating activities</b>	<b>(340,943)</b>	<b>(5,709)</b>
<b>Financing activities</b>		
Increase in share-based payment reserve	72,690	-
Proceeds from (payments on) loans payable	546,733	(25,259)
<b>Net cash flows provided by financing activities</b>	<b>619,423</b>	<b>(25,259)</b>
<b>Net cash flows provided by (used in) operating activities</b>	<b>278,480</b>	<b>(30,968)</b>
Effect of foreign exchange rate	(57,550)	34,990
<b>Net increase (decrease) in cash during the year</b>	<b>220,930</b>	<b>4,022</b>
Cash, beginning of reporting period	3,345	1,758
<b>Cash, end of reporting period</b>	<b>224,275</b>	<b>5,779</b>

(The accompanying notes are an integral part of these condensed consolidated financial statements)

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**(Expressed in United States dollars)**

**1. Nature of Operations and Going Concern**

Emergence Global Enterprises Inc, (the "Company") was incorporated as GTO Resources Inc. on May 10, 2011 under the Business Corporations Act (British Columbia). The Company changed its name to "Velocity Data Inc" on August 7, 2014. On February 15, 2020, the Company changed its name from "Velocity Data Inc." to "Emergence Global Enterprises Inc." As at April 30, 2021, the Company is engaged in business activity of acquiring, creating and building reputable consumer brands using leading innovation, integrated platforms and full traceability for the health food marketplace. The Company's registered office is located at Suite 600 – 1285 West Broadway, Vancouver, BC V6H 3X8.

Acquisition of NuBreed

On July 27, 2020, the Company and NuBreed Nutrition Inc. ("NuBreed") entered into an agreement whereby the Company acquired all of the issued and outstanding common shares of NuBreed in exchange for the issuance of 1,000,000 common shares of the Company. The agreement is subject to, amongst other things, regulatory, board, and other approvals with 1,000,000 common shares of the Company issuable upon approval. The 1,000,000 common shares of the Company were issued January 15, 2021.

Acquisition of ProDynn

On March 5, 2021, the Company and ProDynn Distribution, LLC ("ProDynn") entered into an agreement whereby the Company acquired all of the issued and outstanding common shares of Coastal Rock in exchange for the issuance of 1,000,000 common shares of the Company. The agreement is subject to, amongst other things, regulatory, board, and other approvals with 1,000,000 common shares of the Company issuable upon approval. The 1,000,000 common shares of the Company were issued March 5, 2021.

Acquisition of Edge

On March 10, 2021, the Company and Edge Nutrition (Canada) Inc. ("Edge") entered into an agreement whereby the Company acquired all of the issued and outstanding common shares of Edge in exchange for the issuance of 525,000 common shares of the Company. The agreement is subject to, amongst other things, regulatory, board, and other approvals with 525,000 common shares of the Company issuable upon approval. The 525,000 common shares of the Company were issued March 10, 2021.

Acquisition of Well & Wild

On March 15, 2021, the Company and Well & Wild Superfoods Ltd. ("Well & Wild") entered into an agreement whereby the Company acquired all of the issued and outstanding common shares of Well & Wild in exchange for the issuance of 500,000 common shares of the Company. The agreement is subject to, amongst other things, regulatory, board, and other approvals with 500,000 common shares of the Company issuable upon approval. The 500,000 common shares of the Company were issued March 15, 2021.

Acquisition of Coastal Rock

On March 17, 2021, the Company and Coastal Rock Trading LLC ("Coastal Rock") entered into an agreement whereby the Company acquired all of the issued and outstanding common shares of Coastal Rock in exchange for the issuance of 1,250,000 common shares of the Company. The agreement is

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subject to, amongst other things, regulatory, board, and other approvals with 1,250,000 common shares of the Company issuable upon approval. The 1,250,000 common shares of the Company were issued March 17, 2021.

Acquisition of Three Feather

On March 22, 2021, the Company and Three Feather Farms (the "Three Feather") entered into an agreement whereby the Company acquired all of the assets of Three Feather in exchange for the issuance of 250,000 common shares of the Company. The agreement is subject to, amongst other things, regulatory, board, and other approvals with 1,000,000 common shares of the Company issuable upon approval. The 250,000 common shares of the Company were issued March 22, 2021.

The outbreak of the novel coronavirus COVID-19, which was declared a pandemic by the World Health Organization on March 11, 2020, has led to adverse impacts on the Canadian and global economies, disruptions of financial markets, and created uncertainty regarding potential impacts to the Company's supply chain and operations. The COVID-19 pandemic has impacted and could further impact the Company's operations and the operations of the Company's suppliers and vendors as a result of quarantines, facility closures, and travel and logistics restrictions. The extent to which the COVID-19 pandemic impacts the Company's business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on the Company's suppliers and vendors and the remedial actions and stimulus measures adopted by local and federal governments, and to what extent normal economic and operating conditions can resume. The management team is closely following the progression of COVID-19 and its potential impact on the Company. Even after the COVID-19 pandemic has subsided, the Company may experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future. The impact on the Company has not been significant, but management continues to monitor the situation.

These condensed consolidated financial statements have been prepared on a going concern basis, which implies that the Company will continue to meet its obligations and continue its operations for the next fiscal period. For the six months ended April 30, 2021, the Company has reported revenues of \$417,183, net loss of \$86,039, and as at that date, had a working capital deficit of \$1,057,999 and accumulated deficit of \$2,207,610. These factors raise substantial doubt regarding the Company's ability to continue as a going concern. The continuation of the Company as a going concern is dependent upon financial support from its stockholders, the ability of the Company to obtain necessary equity financing to continue operations, and the attainment of profitable operations.

Management anticipates that the Company will be dependent, for the near future, on additional investment capital to fund operating expenses. The Company intends to position itself so that it may be able to raise additional funds through the capital markets. In light of management's efforts, there are no assurances that the Company will be successful in this or any of its endeavors or become financially viable and continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**2. Significant Accounting Policies**

The principal accounting policies applied in the preparation of the condensed consolidated financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

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(a) Statement of Compliance

These condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

(b) Basis of Presentation and Principles of Consolidation

These condensed consolidated financial statements have been prepared on a historical cost basis, except for financial instruments, which are measured at fair value. These condensed consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information, and presented are in United States dollars. These condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, ACL Computers and Software, Inc. (“ACL”), which was discontinued on February 28, 2018. All intercompany transactions and balances have been eliminated.

(c) Use of Estimates and Judgments

The preparation of these condensed consolidated 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 condensed consolidated financial statements and reported amounts of expenses during the period. These estimates are, by their nature, uncertain. The impacts of such estimates are pervasive throughout the condensed consolidated 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. Actual results may differ from these estimates.

Significant areas requiring the use of estimates include the fair value of share-based payments and unrecognized deferred income tax assets.

Accounts payable and accrued liabilities include amounts that have been the subject of summary judgment decisions in various states in the United States. The Company has applied potential interest liability of all summary judgment amounts at the maximum allowable interest rate under the respective states for which the Company has summary judgments against them.

The Company’s assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company’s ability to continue as a going concern.

(d) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and are subject to an insignificant risk of changes in fair value to be cash equivalents.

**2. Significant Accounting Policies (continued)**



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(e) Inventory

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realizable value. Cost comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(f) Goodwill

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

(g) Impairment of Goodwill

Goodwill is tested for impairment annually as at October 31 and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

(h) Impairment of Non-Financial Assets

Non-financial assets with finite lives are tested for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. In addition, non-financial assets that are not amortized are subject to an annual impairment assessment. Any impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). The Company evaluates impairment losses for potential reversals, other than goodwill impairment, when events or changes in circumstances warrant such consideration.

**2. Significant Accounting Policies (continued)**

(i) Financial Instruments

**EMERGENCE GLOBAL ENTERPRISES INC.**  
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*Classification and measurement – initial recognition*

On initial recognition, all financial assets and liabilities are classified and recorded at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as at fair value through profit or loss (“FVTPL”).

*Classification and measurement – subsequent to initial recognition*

Subsequent measurement of financial assets and liabilities depends on their classification and measurement basis.

*Financial Assets*

Subsequent to initial recognition, financial assets are measured at amortized cost, fair value through other comprehensive income, or fair value through profit or loss, depending on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortized cost if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that do not meet the above conditions are classified as fair value through profit or loss. The Company’s cash and assets held for sale are measured at amortized cost.

*Financial Liabilities*

Subsequent to initial recognition, financial liabilities are measured at amortized cost, unless designated as fair value through profit or loss. The Company’s accounts payable and accrued liabilities, loans payable, liabilities held for sale, and amounts due to related parties are measured at amortized cost.

*Impairment of Financial Assets*

The Company applies the ECL model to its financial assets measured at amortized cost. Under the ECL model, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and

**2. Significant Accounting Policies (continued)**

- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

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Upon recognition of a financial asset, 12-month ECLs are recognized in the consolidated statement of operations and a loss allowance is established. At each reporting date, if the credit risk associated with a financial asset has increased significantly and is not considered low, lifetime ECLs are recognized in the consolidated statement of operations.

(j) Share-Based Compensation

The grant date fair value of share-based payment awards granted to employees is recognized as stock-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The grant date fair value of share-based payment awards granted to employees is recognized as stock-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled share-based payments are reflected in contributed surplus, unless exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

(k) Comprehensive Income (Loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events, and circumstances from sources other than the Company's shareholders and includes items that are not included in the consolidated statement of operations.

(i) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted

**2. Significant Accounting Policies (continued)**

loss per share, whereby all "in the money" stock options are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock

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options and share purchase warrants is considered to be anti-dilutive. As at April 30, 2021, the Company has nil potentially dilutive shares outstanding.

(l) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the consolidated statement of loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income 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 tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(m) Future Accounting Pronouncements

A number of new standards, and amendments to standards and interpretations, are not yet effective for the six months ended April 30, 2021, and have not been early adopted in preparing these financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

### **3. Business Combinations**

#### Acquisition of NuBreed

On July 27, 2020, the Company and NuBreed Nutrition Inc. ("NuBreed") entered into an agreement whereby the Company acquired all of the issued and outstanding common shares of NuBreed in exchange for the issuance of 1,000,000 common shares of the Company. The 1,000,000 common

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shares of the Company were issued January 15, 2021.

This acquisition was accounted for using the acquisition method. The fair value of net assets of NuBreed as at the date of acquisition and the purchase price allocation are detailed below:

<b>Purchase price</b>	\$	1,210,393
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<b>Assets acquired</b>		
Cash and cash equivalents		182,028
Inventory		124,906
<b>Less liabilities assumed</b>		
Accounts payable and other current liabilities		(296,855)
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<b>Net assets acquired</b>	\$	10,079
<hr/>		
<b>Excess of purchase price over net assets acquired</b>		1,200,314
Allocated to:		
Goodwill		1,200,314
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Acquisition of ProDynn

On March 5, 2021, the Company and ProDynn Distribution, LLC (“ProDynn”) entered into an agreement whereby the Company acquired all of the issued and outstanding common shares of Coastal Rock in exchange for the issuance of 1,000,000 common shares of the Company. The agreement is subject to, amongst other things, regulatory, board, and other approvals with 1,000,000 common shares of the Company issuable upon approval. The 1,000,000 common shares of the Company were issued March 5, 2021.

This acquisition was accounted for using the acquisition method. The fair value of net assets of ProDynn as at the date of acquisition and the purchase price allocation are detailed below:

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<b>Purchase price</b>	\$	859,868
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<b>Assets acquired</b>		
Cash and cash equivalents		72,397
Accounts Receivable		
Inventory		12,870
Property & equipment		7,800
<b>Less liabilities assumed</b>		
Accounts payable and other current liabilities		(56,952)
Loans payable		(225,000)
<hr/>		
<b>Net assets acquired</b>	\$	(188,886)
<hr/>		
<b>Excess of purchase price over net assets acquired</b>		1,048,753
Allocated to:		
Goodwill		1,048,753
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Acquisition of Edge

On March 10, 2021, the Company and Edge Nutrition (Canada) Inc. (“Edge”) entered into an agreement whereby the Company acquired all of the issued and outstanding common shares of Edge in exchange for the issuance of 525,000 common shares of the Company. The agreement is subject to, amongst other things, regulatory, board, and other approvals with 525,000 common shares of the Company issuable upon approval. The 525,000 common shares of the Company were issued March 10, 2021.

This acquisition was accounted for using the acquisition method. The fair value of net assets of Edge as at the date of acquisition and the purchase price allocation are detailed below:

<b>Purchase price</b>	\$	239,990
<hr/>		
<b>Assets acquired</b>		
Cash and cash equivalents		-34,745
Accounts Receivable		-24,383
Inventory		126,259
Property & equipment		217,173
<b>Less liabilities assumed</b>		
Accounts payable and other current liabilities		(23,973)
Loans payable		(147,191)
<hr/>		
<b>Net assets acquired</b>	\$	113,140
<hr/>		
<b>Excess of purchase price over net assets acquired</b>		126,850
Allocated to:		
Goodwill		126,850
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Acquisition of Well & Wild

On March 15, 2021, the Company and Well & Wild Superfoods Ltd. (“Well & Wild”) entered into an agreement whereby the Company acquired all of the issued and outstanding common shares of Well & Wild in exchange for the issuance of 500,000 common shares of the Company. The agreement is subject to, amongst other things, regulatory, board, and other approvals with 500,000 common shares of the Company issuable upon approval. The 500,000 common shares of the Company were issued

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March 15, 2021.

This acquisition was accounted for using the acquisition method. The fair value of net assets of Well & Wild as at the date of acquisition and the purchase price allocation are detailed below:

<b>Purchase price</b>	<b>\$</b>	<b>358,107</b>
<hr/>		
<b>Assets acquired</b>		
Cash and cash equivalents		1,750
Inventory		720
<hr/>		
<b>Net assets acquired</b>	<b>\$</b>	<b>2,470</b>
<hr/>		
<b>Excess of purchase price over net assets acquired</b>		<b>355,637</b>
Allocated to:		
Goodwill		355,637
<hr/>		

Acquisition of Coastal Rock

On March 17, 2021, the Company and Coastal Rock Trading LLC (“Coastal Rock”) entered into an agreement whereby the Company acquired all of the issued and outstanding common shares of Coastal Rock in exchange for the issuance of 1,250,000 common shares of the Company. The agreement is subject to, amongst other things, regulatory, board, and other approvals with 1,250,000 common shares of the Company issuable upon approval. The 1,250,000 common shares of the Company were issued March 17, 2021.

This acquisition was accounted for using the acquisition method. The fair value of net assets of Coastal Rock as at the date of acquisition and the purchase price allocation are detailed below:

<b>Purchase price</b>	<b>\$</b>	<b>1,128,735</b>
<hr/>		
<b>Assets acquired</b>		
Cash and cash equivalents		5,525
Inventory		3,738
Property & equipment		37,296
<b>Less liabilities assumed</b>		
Accounts payable and other current liabilities		(36,542)
Loans payable		(145,973)
<hr/>		
<b>Net assets acquired</b>	<b>\$</b>	<b>(135,956)</b>
<hr/>		
<b>Excess of purchase price over net assets acquired</b>		<b>1,264,691</b>
Allocated to:		
Goodwill		1,264,691
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Acquisition of Three Feather

On March 22, 2021, the Company and Three Feather Farms (the "Three Feather") entered into an agreement whereby the Company acquired all of the assets of Three Feather in exchange for the issuance of 250,000 common shares of the Company. The agreement is subject to, amongst other things, regulatory, board, and other approvals with 1,000,000 common shares of the Company issuable upon approval. The 250,000 common shares of the Company were issued March 22, 2021.

This acquisition was accounted for using the acquisition method. The fair value of net assets of Three Feather as at the date of acquisition and the purchase price allocation are detailed below:

<b>Purchase price</b>	\$	(135,626)
<b>Assets acquired</b>		
Cash and cash equivalents		5,288
Inventory		366,093
<b>Net assets acquired</b>	<b>\$</b>	<b>371,381</b>
<b>Excess of purchase price over net assets acquired</b>		<b>(507,007)</b>
Allocated to:		
Goodwill		(507,007)

**4. Loans Payable**

- (a) As at April 30, 2021, the Company owes \$493,353 (October 31, 2020 - \$469,810) to a non-related company. The amount owed is unsecured and bears interest at prime plus 3% per annum compounded semi-annually, and is due on demand. The amounts are convertible into common shares of the Company subject to a weighted average closing price of the first ten trading days of the Company.
- (b) As at April 30, 2021, the Company owes \$159,650 (October 31, 2020 - \$157,565) to a non-related company. The amount owed is non-interest bearing, unsecured and due on demand.
- (c) On December 21, 2020 the Company entered into an unsecured, non-interest-bearing loan agreement for a principal balance of \$17,900 due on December 21, 2021.
- (d) The Company entered into a promissory note with the CEO of the Company for proceeds of \$251,434. The amount owing is unsecured, bears interest at prime rate plus 3% on a quarterly basis, and is due on December 31, 2023.
  - (e) Coastal Rock SBA Loan unsecured. Current amount owing is \$145,973. Original amount of Loan is \$149,000.
  - (f) Prodynn SBA unsecured Loan. Current amount owing is \$225,000 and is on a payment deferral program. Original amount of Loan is \$225,000.
  - (g) NuBreed Loan of \$50,000 is interest free, unsecured and payable on demand. The shareholder loan is unsecured, interest free from principal.
  - (h) Edge Nutrition



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Loan Payable of \$32,542 is unsecured, interest free and is payable on demand. There are 2 auto loans, totaling \$117,590, that are secured by the vehicles.

**5. Related Party Transactions**

- (a) During the six months ended April 30, 2021 and 2020, the Company incurred \$nil and \$4,157, in professional and consulting fees to the former Chief Financial Officer (the "CFO") of the Company and a company associated with the former CFO, which have been recorded in selling, general, and administrative expenses.
- (b) As at April 30, 2021, the Company owed \$102,325 (October 31, 2020 - \$78,293) to the Chief Executive Officer (the "CEO") and a company associated with the CEO, which is non-interest bearing, non-secured, and is due on demand.
- (c) As at April 30, 2021, the Company owed \$171,783 to the shareholder and a company associated with the shareholder, which is non-interest bearing, non-secured, and is due on demand.

**6. Share Capital**

Authorized: Unlimited number of voting common shares  
Unlimited number of preferred shares

- (a) On November 20, 2019, the Company issued 75,000 common shares to settle debt of \$16,385 to a company associated with CFO.
- (b) On January 15, 2021, the Company issued 1,000,000 common shares to for the acquisition of subsidiary, NuBreed Nutrition, Inc.
- (c) On March 5, 2021, the Company issued 1,000,000 common shares to for the acquisition of subsidiary, ProDynn Distribution, LLC.
- (d) On March 10, 2021, the Company issued 525,000 common shares to for the acquisition of subsidiary, Edge Nutrition (Canada) Inc.
- (e) On March 15, 2021, the Company issued 500,000 common shares to for the acquisition of subsidiary, Well & Wild Superfoods Ltd.
- (f) On March 17, 2021, the Company issued 1,250,000 common shares to for the acquisition of subsidiary, Coastal Rock Trading LLC.
- (g) On January 15, 2021, the Company issued 250,000 common shares to for the asset purchase of Three Feather Farms.

**7. Capital Management**

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and cash equivalents and equity comprised of issued share capital, share-based payment reserve, equity component of convertible debt, and deficit.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended October 31, 2020.

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**8. Financial Instruments and Risk Management**

(a) Risk management overview

The Company's activities expose it to a variety of financial risks including credit risk, liquidity risk and market risk. This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The Company employs risk management strategies and policies to ensure that any exposure to risk is in compliance with the Company's business objectives and risk tolerance levels. While the Board of Directors has the overall responsibility for the Company's risk management framework, the Company's management has the responsibility to administer and monitor these risks.

(b) Fair values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial instruments, which include cash, assets held for sale, accounts payables and accrued liabilities, amounts due to related parties, liabilities held for sale, and loans payable approximate their fair values due to the short-term nature of those instruments.

(c) Credit risk

Credit risk refers to the possibility that a customer or counterparty will fail to fulfill its obligations under a contract and, as a result create a financial loss for the Company. The Company minimizes its credit risk associated with its cash balance by dealing with major financial institutions in Canada and the United States. The carrying amount of financial assets represents the maximum credit exposure.

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(e) Foreign exchange and interest rate risk

The Company is exposed to currency risk related to the fluctuation of foreign exchange rates. The Company has not entered into any derivative contracts or hedged its exposure to foreign currency fluctuations, as it is not exposed to any significant foreign interest rate risk. Interest rate risk is the risk related to fluctuations caused by the changes in interest rates.

**9. Discontinued Operations and Sale of ACL**

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On February 28, 2018, the Company announced its intention to exit its business of selling computer systems and related components and focus on new investments and projects. Since February 28, 2018, the financial information of ACL has been classified as discontinued operations. On July 31, 2020, the Company entered into an agreement with ACLH Inc. to sell the issued and outstanding shares of ACL for \$10. ACLH Inc. will assume all of the assets, debt, and obligations the Company may have in connection with ACL and the indemnification of the Company for any future liability associated with ACL. On October 21, 2020, the transaction was closed resulting in a gain on the sale of ACL of \$6,917,007.

	\$
Disposition of assets on sale of ACL	–
Disposition of liabilities on sale of ACL	6,917,017
Disposal of net liabilities on sale of ACL	6,917,017
Proceeds receivable on sale of ACL	10
<b>Gain on sale of ACL</b>	<b>6,917,007</b>

*Statement of Operations – Discontinued Operations*

	2020 \$
Expenses	
Selling, general, and administrative expenses	60
Net loss before other expense	(60)
Other expense	
Interest expense	(220,911)
<b>Net loss from discontinued operations</b>	<b>(170,095)</b>