Planet Based Foods Global Inc. (formerly known as Digital Buyer Technologies Corp.)

Consolidated Financial Statements

December 31, 2021 and 2020

(Expressed in US Dollars)

MNP LLP

Independent Auditor's Report

To the Shareholders of Planet Based Foods Global Inc. (formerly known as Digital Buyer Technologies Corp.):

Opinion

We have audited the consolidated financial statements of Planet Based Foods Global Inc. (formerly known as Digital Buyer Technologies Corp.) and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and December 31, 2020, and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2021 and December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that as at December 31, 2021, the Company had an accumulated deficit and also incurred a net loss for the year ended December 31, 2021. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Jian-Kun Xu.

Vancouver, British Columbia

MNP LLP

April 29, 2022

Chartered Professional Accountants

MNP LLP

Planet Based Foods Global Inc. (formerly known as Digital Buyer Technologies Corp.)
Consolidated Statements of Financial Position
(Expressed in US Dollars)

As at	**Note**	December 31, 2021	December 31, 2020
		$	$
Current Assets			
Cash		5,425,339	22,411
Accounts receivable and other receivable	7	30,120	25,980
Prepaid expenses		145,655	-
Inventory	8	155,371	-
		5,756,485	48,391
Non-Current Assets			
Equipment, net	9	141,466	33,552
Intangible assets	10	709,794	709,794
		6,607,745	791,737
Current Liabilities			
Accounts payable and accrued liabilities		163,477	72,607
Due to related parties	12	137,558	81,077
Short-term loans	11	454,791	75,000
		755,826	228,684
Shareholders' Equity			
Share capital	15	9,734,270	991,499
Contributed surplus	15	830,302	-
Accumulated other comprehensive income		52,356	-
Deficit		(4,765,009)	(428,446)
		5,851,919	563,053
		6,607,745	791,737

Nature of operations and going concern (Note 1)
Commitments (Note 18)
Subsequent events (Note 19)

Approved on Behalf of the Board of Directors on April 29, 2022:

"Braelyn Davis" Director
Braelyn Davis

"James Harris" Director
James Harris

Planet Based Foods Global Inc. (formerly known as Digital Buyer Technologies Corp.)
Consolidated Statements of Operations and Comprehensive Loss
For the Years Ended December 31,
(Expressed in US Dollars)

	Note	December 31, 2021 $	December 31, 2020 $
Operating Expenses			
Advertising		311,261	2,763
Computer and related		12,592	4,132
Consulting		203,925	2,800
Depreciation	9	26,155	13,756
Employee and related costs		296,992	24,010
General and administration		2,650	495
Insurance		9,450	3,349
Investor relation expenses		2,457	-
Miscellaneous		10,639	3,617
Occupancy		3,825	9,000
Professional fees		465,853	9,602
Research and development		154,903	36,071
Transfer agent and regulatory		1,310	-
Travel and related		34,680	4,843
Total operating expenses		(1,536,692)	(114,438)
Other Income (Expenses)			
Amalgamation cost	6	(2,501,118)	-
Accrued Interest and Accretion Expense	16	(280,483)	-
Financing costs		(118,889)	-
Government assistance	11	20,209	2,000
Gain on fair value of derivative liability	16	266,930	-
Interest expense		(21,553)	(8,320)
Loss on disposal of equipment		-	(15,606)
Loss on debt settlement	16	(176,464)	-
Other income		11,747	-
State tax		(250)	(800)
		(2,799,871)	(22,726)
Net Loss		(4,336,563)	(137,164)
Other Comprehensive Loss (Income) to be reclassified to profit or loss in subsequent periods:			
Unrealized gain (loss) on foreign exchange translation		52,356	-
Comprehensive Loss		(4,284,207)	(137,164)
Basic and diluted loss per Share		(0.16)	(0.01)
Weighted average number of Shares, outstanding – Basic and diluted		27,516,945	19,569,315

See accompanying notes to the consolidated financial statements

Planet Based Foods Global Inc. (formerly known as Digital Buyer Technologies Corp.)
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in US Dollars)

	Common Shares	**Common Shares**	**Number of Subordinate Voting Shares**	**Subordinate Voting Shares**	**Number of Multiple Voting Shares**	**Multiple Voting Shares**	**Contributed Surplus**	**AOCI**	**Deficit**	**Shareholders' Equity (Deficiency)**
	#	$	#	$	#	$	$	$	$	$
Balance - December 31, 2019	19,000,000	941,499	-	-	-	-	-	-	(291,282)	650,217
Issuance of share capital	1,000,000	50,000	-	-	-	-	-	-	-	50,000
Net loss and comprehensive loss for the year	-	-	-	-	-	-	-	-	(137,164)	(137,164)
Balance - December 31, 2020	20,000,000	991,499	-	-	-	-	-	-	(428,446)	563,053
Re-designation off shares pursuant to reverse acquisition	(20,000,000)	(991,499)	-	594,899	-	396,600	-	-	-	-
Shares and warrants deemed issued in connection with the reverse acquisition (Note 6)	-	-	15,616,778	2,081,949	4,000,000	814,648	573,053	-	-	3,469,650
Digital subordinate voting shares issued and outstanding at August 31, 2021 (Note 6)	-	-	8,565,150	1,659,321	-	-	35,271	-	-	1,694,592
Adjustment of Digital share capital upon reverse acquisition	-	-	-	(1,659,321)	-	-	(35,271)	-	-	(1,694,592)
Share unit issued on major financing	-	-	27,043,765	6,316,071	-	-	-	-	-	6,316,071
Broker warrants and cash finders fee issued on major financing	-	-	-	(469,897)	-	-	138,360	-	-	(331,537)
RSU to be issued (Note 15)							118,889			118,889
Net loss and comprehensive loss for the year	-	-	-	-	-	-	-	52,356	(4,336,563)	(4,284,207)
Balance - December 31, 2021	-	-	51,225,693	8,523,022	4,000,000	1,211,248	830,302	52,356	(4,765,009)	5,851,919

See accompanying notes to the consolidated financial statements

Planet Based Foods Global Inc. (formerly known as Digital Buyer Technologies Corp.)
Consolidated Statements of Cash Flows
For the Years Ended December 31,
(Expressed in US Dollars)

	Note	2021 $	2020 $
Net Loss for the Period		(4,336,563)	(137,164)
Adjustment for Items not Involving Cash:			
Accrued interest and accretion on convertible debt	16	280,483	-
Amalgamation cost	6	2,501,118	-
COVID-19 relief benefit		(20,209)	-
Depreciation	9	26,155	13,756
Financing costs		118,889	
Foreign exchange gain or loss		(54,445)	-
Gain on fair value derivative liability	16	(266,930)	-
Loss on disposal of equipment		-	15,606
Loss on debt settlement	16	176,464	-
Changes in Non-cash Working Capital:			
Other receivables		15,143	(25,980)
Prepaids expenses		146,225)	-
Inventory		(155,371)	-
Accounts payable and accrued liabilities		(65,718)	31,135
Net Cash from Operating Activities		(1,927,209)	(102,647)
Cash Flows from Investing Activities			
Acquisition of equipment	9	(134,069)	(83,720)
Disposal of equipment		-	31,980
Cash acquired on reverse acquisition transaction	6	246,021	
Net Cash from Investing Activities		111,952	(51,740)
Cash Flows from Financing Activities			
Proceeds from short-term loans payable	11	400,000	75,000
Proceeds from related parties	12	56,481	27,725
Proceeds from convertible debentures	16	669,960	-
Net proceeds from issuance of subordinate voting shares	15	6,092,926	50,000
Net Cash from Financing Activities		7,219,367	152,725
Effect of Foreign Exchange on Cash		(1,182)	-
Net Increase (Decrease) in Cash		5,402,928	(1,662)
Cash – Beginning of Year		22,411	24,073
Cash – End of Year		5,425,339	22,411

See accompanying notes to the consolidated financial statements

1. Nature of Operations and Going Concern

Planet Based Foods Global Inc. (the "Company" or "PBF Global"), formerly known as Digital Buyer Technologies Corp.("Digital"), was incorporated on February 18, 2017 under the *Business Corporations Act* (British Columbia). The principle business of the Company at the time of incorporation was the identification and evaluation of assets or businesses.

On June 28, 2021, the Company incorporated a wholly owned subsidiary, DBT (USA) Corp. ("DBT") in California USA.

On August 31, 2021, Digital completed its acquisition of Planet Based Foods Inc.("PBF") by way of a three-cornered acquisition and amalgamation among Digital, PBF and DBT (the "Transaction"). As part of the Transaction, the Company issued in aggregate, 15,616,778 subordinate voting shares and 4,000,000 multiple voting shares to the PBF shareholders in exchange for all of the outstanding shares of PBF.

After the completion of the Transaction, Digital changed its name to "Planet Based Foods Global Inc.". In connection with the Transaction, Planet Based Foods Global Inc. merged with DBT (USA) Corp. to form the subsidiary of the Company (the "Subsidiary").

The Transaction has been accounted for in accordance with IFRS 2, Share-based payments. The Transaction is considered to be a reverse takeover of the Company by the acquiree. Although the Transaction resulted in PBF legally becoming a subsidiary of the Company, the transaction has been accounted for as a reverse takeover of the Company in accordance with guidance provided in IFRS 2 Share-Based Payments. As the Company did not qualify as a business according to the definition in IFRS 3, this reverse takeover transaction did not constitute a business combination. For financial reporting purpose, PBF is considered the accounting acquirer and comparative figures are financial information of PBF.

PBF was incorporated on October 9, 2018, under the laws of the State of California, United States. PBF's primary focus is development of vegan meat-analog based products, made primarily from hemp plant derived proteins. PBF utilizes copacker relationships to manufacture and package its products for the wholesale market, including sales to restaurants and to resellers of Consumer Packaged Goods ("CPG"). PBF's branding and trademarks include the acronym: H.E.M.P. "Honorable Ethical Moral Protein."

The Company's head office is located at Suite 2250 – 1055 West Hastings Street, Vancouver. The Subsidiary's head office is located at 2869 Historic Decatur Road, San Diego, California 92106.

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

As of December 31, 2021, the Company has an accumulated deficit of $4,765,009 (December 31, 2020: $428,446) since inception. The Company also incurred a net loss of $4,336,563 for the year ended December 31, 2021 (December 31, 2020: $137,164). The continued operations of the Company are dependent on future profitable operations, management's ability to manage costs and the future availability of equity or debt financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due is uncertain. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

1. Nature of Operations and Going Concern (continued)

The COVID-19 outbreak was declared as a pandemic by the World Health Organization on March 11, 2020. Globally, governments worldwide have focused on containment of the outbreak and the prevention of further spread. Since the outbreak, global economies have been impacted as governments have imposed restrictions such as travel bans, self-imposed quarantines, social distancing and temporary closures of non-essential businesses. In response to the COVID-19 pandemic, the Company implemented measures to ensure the safety of work conditions for its staff. During the periods of social and economic lockdown, the Company continued to refine its products, improve production methods, and established a relationship with copackers. The COVID-19 pandemic has not had significant adverse effect on Company's business to date.

These consolidated financial statements were approved and authorized for issue by the board of directors on April 29, 2022.

2. Basis of Presentation

Statement of Compliance

These consolidated financial statements of the Company and its subsidiary are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except cash flow information.

3. Significant Judgments and Estimates

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial statements and reported amounts of expenses during the period. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

The following are the critical judgments and areas involving estimates, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognized in the consolidated financial statements.

Key sources of estimation uncertainty

<u>Fair value calculation of share-based payments</u>

The fair value of share-based payments in relation to the reverse takeover is calculated using a Black Scholes option pricing model. There are a number of assumptions used in the calculation such as the share price, expected option life and the future price volatility of the underlying security which can vary from actual future events. The factors applied in the calculation are management's best estimates based on industry average and future forecasts.

3. Significant Judgments and Estimates (continued)

***Key sources of estimation uncertainty* (continued)**

Derivative Liabilities

Derivative liabilities arising from convertible promissory notes are determined by Black-Scholes option pricing model. Significant estimates are used in the calculation of the input variables in the Black-Scholes model, which includes: share price, risk free interest rate, expected stock price volatility, expected life, and expected dividend yield.

Intangible Assets

Intangible assets with an indefinite life or not yet available for use are tested for impairment annually at year-end, and whenever events or circumstances that make it more likely than not that an impairment may have occurred, such as a significant adverse change in the business climate or a decision to sell or dispose all or a portion of a reporting units. Significant estimates are used in determination of the recoverable amount of the intangible asset, which include projected future cash flows, discount rate and terminal growth rate when value-in-use approach is used.

Critical judgments in applying accounting policies

Recoverability of deferred tax assets

The Company recognizes the deferred tax benefit related to deferred tax assets to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in the future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

Going concern

Management has applied judgements in the assessment of the Company's ability to continue as a going concern when preparing these consolidated financial statements. Management prepares the consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The assessment of the Company’s ability to execute its strategy and finance the operations through achieving positive cash flow from operations or by obtaining additional funding through debt or equity financing involves judgments. Management monitors future cash requirements to assess the Company’s ability to realize assets and discharge its liabilities in the normal course of operations.

Determination of functional currency of the Company

The functional currency for each of the Company and its subsidiary is the currency of the primary economic environment in which each entity operates. The determination of each entity’s functional currency requires analyzing facts that are considered primary factors, and if the result is not conclusive, the secondary factors. The analysis requires management to apply significant judgment since primary and secondary factors may be mixed. In determining its functional currency, management analyzed both the primary and secondary factors, including the currency of each entity’s operating cash flow, and sources of financing.

3. Significant Judgments and Estimates (continued)

Critical judgments in applying accounting policies **(continued)**

Reverse take-over transaction

Judgement is used in determining whether an acquisition is a business combination or an asset acquisition. The fair value of consideration to acquire the Company in the reverse take-over transaction comprised subordinate voting shares and warrants. Subordinate voting shares and warrants were valued on the date of issuance. The Company applied IFRS 2 Share-based Payment in accounting for the Transaction because the accounting acquiree did not constitute a business as of the acquisition date under IFRS 3 Business Combinations.

4. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements.

Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and PBF, the Company's wholly owned subsidiary. A subsidiary is the entity over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary is fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases. All significant intercompany transactions and balances have been eliminated.

Foreign currency translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Canadian dollar and PBF is US dollar. The presentation currency of the Company is US dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, "The Effects of Changes in Foreign Exchange Rates".

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Assets and liabilities of an entity that has a functional currency that is different from presentation currency are translated at exchange rate at the reporting date and the income and expenses are translated at the average exchange rate during the reporting period. Gains and losses resulting from translation adjustments are recorded as other comprehensive income (loss) and accumulated in a separate component of shareholders' equity, described as accumulated comprehensive income (loss).

Cash

Cash includes cash held with financial institutions and cash on hand.

4. Significant Accounting Policies (continued)

Financial Instruments

The Company's financial instruments consist of Cash, accounts receivable and other receivable (excluding tax receivables), accounts payable and accrued liabilities, due to related parties and short-term loans.

Financial assets

- Initial recognition and measurement:
  Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVOCI"), and "financial assets at amortized cost", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows. All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVTPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

- Subsequent measurement – financial assets at amortized cost:
  After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The Company has classified its cash and accounts receivable and other receivable (excluding tax receivables) as amortized cost.

- Subsequent measurement – financial assets at FVTPL
  Financial assets measured at FVTPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVTPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of operations and comprehensive loss. The Company does not measure any financial assets at FVTPL.

- Subsequent measurement – financial assets at FVOCI
  Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

  After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statements of operations and comprehensive loss.

- Derecognition
  A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

- Impairment of financial assets
  The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

4. Significant Accounting Policies (continued)

Financial liabilities

- Initial recognition and measurement
  Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVTPL. The Company's financial liabilities include accounts payable, accrued liabilities, due to related parties and short-term debt. These are each measured at amortized cost. All financial liabilities are recognized initially at fair value.

- Subsequent measurement – financial liabilities at amortized cost
  After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

- Derecognition
  A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of operations and comprehensive loss.

Fair value hierarchy

IFRS 13 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – Value based on unadjusted quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – Valuation techniques based on inputs other than quoted prices that are observable for assets or liabilities, either directly (ie. as prices) or indirectly (ie. derived from prices); and
Level 3 – Valuation techniques using inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

As of December 31, 2021 and 2020, the carrying value of the Company's financial instruments approximate their fair values due to the short-term nature.

Equipment

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of operations and comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of operations and comprehensive loss.

Amortization is calculated on a straight-line method to write off the cost of the assets to their residual values over their estimated useful lives. The amortization rates applicable to each category of property and equipment are as follows:

- Production Equipment 5 years

4. Significant Accounting Policies (continued)

Intangible assets

Intangible assets include trademarks and logo and recipes.

Trademark and logo represent the historical costs incurred for professional services in obtaining the trademarks. Trademark and logo are indefinite life intangible assets and are measured at cost less any accumulated impairment losses.

Recipes represent the historical cost incurred in obtaining the recipes. The Company acquired the recipes and related intellectual property ("Recipes") from Hemp Food Company, LLC ("HFC"). In exchange, the Company granted 2,000,000 of Planet Based Foods, Inc., common shares to various parties of HFC and the Company further granted 10,000,000 and 500,000 common shares to various directors, officers and a consultant of the Company for their contribution on further refining the Recipes during the period ended December 31, 2018 and the year-ended December 31, 2019, respectively. It is management's judgement that the fair value exchanged is equal to the current $0.05 fair value per share of Planet Based Foods, Inc., common stock. It is management's judgement that these contributions will retain their value indefinitely and are measured at cost less any accumulated impairment losses.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the Cash Generating Unit ("CGU") level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Intangible assets are tested for impairment on an annual basis or more frequently if there are indicators that intangible assets may be impaired.

Impairment of non-financial assets

At each reporting period, the Company assesses whether there are indicators of impairment for its non-financial assets. If indicators exist, the Company determines if the recoverable amount of the asset or cash generating unit ("CGU") is greater than its carrying amount. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets.

If the carrying amount exceeds the recoverable amount, the asset or CGU is recorded at its recoverable amount with the reduction recognized in profit or loss. The recoverable amount is the greater of the value in use or fair value less costs to sell. Fair value is the amount the asset could be sold for in an arm's length transaction. The value in use is the present value of the estimated future cash flows of the asset from its continued use. The fair value less costs to sell considers the continued development of a property and market transactions in a valuation model.

Impairments are reversed in subsequent periods when there has been an increase in the recoverable amount of a previously impaired asset or CGU and these reversals are recognized in profit or loss. The recovery is limited to the original carrying amount less depreciation, if any, that would have been recorded had the asset not been impaired.

Inventory

Inventories are valued at the lower of cost and net realizable value with cost being determined on a first -in, first-out basis. The cost of inventories comprises costs of raw materials, tolling charge and costs incurred bringing the inventories to their present location. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated selling costs. In determining inventory valuation, any obsolete or damaged inventory was written down to net realizable value.

4. Significant Accounting Policies (continued)

Convertible promissory notes

Convertible promissory notes are allocated between derivative liabilities and host debt on initial recognition with transaction cost attributable to the derivative liability expensed in the period. The host debt is net of attributable transaction costs. Transaction costs are allocated based on proportion to the allocation of proceeds. The derivative liability is measured at fair value through profit and loss using the Black Scholes pricing model. On initial recognition, host debt is the residual of total proceeds less the fair value of the derivative liability, net of transaction costs.

Share-based payments transactions

The Company's stock-based compensation includes grants of stock options and restricted share units ("RSUs"). The stock option plan allows Company directors, officers and technical consultants to acquire shares of the Company. The fair value of share purchase options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. The fair value is measured at grant date and the share-based compensation is expensed based on graded vesting. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value of the share purchase options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the share purchase options were granted. Forfeiture rates are estimated in advance and are used in the estimate of the share-based expense for the consolidated financial statement period. Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received.

However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the non-employee receives the goods or the services.

The Company accounts for RSUs issued to employees and non-employees (consultants and advisory board members) based on the fair market value of the Company's subordinate voting share as of the date of issuance.

Warrants

Proceeds from issuances by the Company of units consisting of subordinate voting shares and warrants other than the straight warrants are allocated based on the residual method, whereby the carrying amount of the warrants is determined based on any difference between gross proceeds and the estimated fair market value of the subordinate voting shares. If the proceeds from the offering are less than or equal to the estimated fair market value of subordinate voting shares issued, a nil carrying amount is assigned to the warrants.

Government Assistance

Government Assistance due to impacts of COVID-19 received is recognized based on the specific program under which resources were provided. Non-returnable grants under the Small Business Administration ("SBA") EIDL Advance program are classified as Other Income in the statements of operations and comprehensive loss. The SBA Paycheck Protection Program ("PPP") provided short-term loans that may be forgiven, all or in part, provided certain use of funds conditions are met. These amounts are presented as Short-Term Loans until such time forgiveness is applied for and received. At such time forgiveness is received and recognized as Other Income in the statements of operations and comprehensive loss. Any portion of PPP that remains unforgiven will be reclassified as a short-term loans in the Statements of Financial Position.

4. Significant Accounting Policies (continued)

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, in the countries where the Company operates and generates taxable income. 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 profit or 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 recognized, using the asset and liability method, on temporary differences at the reporting date arising 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 profit 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.

Related party transactions

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

Basic and Diluted Loss Per Share

The Company presents basic and diluted loss per share data for its subordinate voting shares, calculated by dividing the loss attributable to subordinate voting shareholders of the Company by the weighted average number of subordinate voting shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to subordinate voting shareholders or the weighted average number of subordinate voting shares outstanding when the effect is anti-dilutive.

Comprehensive Income (Loss)

Comprehensive income (loss) is the overall change in the net assets of the Company for a period, other than changes attributable to transactions with shareholders. It is made up of net income (loss) and other comprehensive income (loss). Other comprehensive income (loss) includes gains or losses, which IFRS requires recognizing in a period, but excluding from net income (loss) for that period.

5. New and Future Accounting Standards and Interpretations

Future accounting standards and interpretations

New IFRS pronouncements that have been issued but are not yet effective at the date of these consolidated financial statements are listed below. The Company plans to apply the new standards or interpretations in the annual period for which they are first required.

Presentation of financial statements
An amendment to IAS 1 was issued in January 2020 and applies to annual reporting periods beginning on or after January 1, 2023. The amendment clarifies the criterion for classifying a liability as non-current relating to the right to defer settlement of a liability for at least 12 months after the reporting period.

6. Reverse Takeover

In July 2021, the Company entered a merger agreement (the "Merger Agreement") with Planet Based Foods Inc., a California corporation and DBT (USA) Corp. The Company acquired from the shareholders of PBF (the "PBF Shareholders") 100% ownership of PBF in exchange for securities of the Company. On August 31, 2021, the Company completed the Transaction. The Company issued in aggregate, 15,616,778 subordinate voting shares and 4,000,000 multiple voting shares to the PBF shareholders for exchange all of the outstanding shares of PBF.

This Transaction constituted a reverse takeover transaction of Digital whereby the PBF Shareholders collectively become the major shareholders of the Company after the Transaction. The Transaction took place by way of a three-cornered amalgamation which result in PBF becoming a 100% wholly owned subsidiary of Digital.

The Transaction has been accounted for in accordance with IFRS 2, Share-based payments. The Transaction is considered to be a reverse takeover of the Company by PBF (the "Acquiree"). Although the Transaction resulted in PBF legally becoming a subsidiary of the Company, the transaction has been accounted for as a reverse takeover of the Company in accordance with guidance provided in IFRS 2 Share Based Payments. As the Company did not qualify as a business according to the definition in IFRS 3, this reverse takeover transaction did not constitute a business combination.

For financial reporting purposes, the Company is considered a continuation of the Acquiree, the legal subsidiary, except with regards to the authorized and issued share capital, which is that of the Company, the legal parent. The fair value of the net assets of the Company are deemed to be acquired and ultimately determined at the date of the closing of the Transaction, and the actual costs of the acquisition may vary from those estimates. Therefore, the allocation of consideration among the assets and liabilities of the Company may vary from those shown, and such differences may be material.

The consideration paid by PBF to acquire the Company has been measured considering the price per share of Major Financing (see Note 15) price at CAD $0.30. In accordance with IFRS 2, any excess of the fair value of the equity instruments issued by PBF over the value of the net monetary assets of the Company has been expensed as amalgamation costs.

(Expressed in US Dollars)

6. Reverse Takeover (continued)

Digital's Identifiable Net Assets	$
Cash	246,021
Other receivable	19,370
Accounts payable and accrued liabilities	(156,835)
Identifiable net assets	108,556
Transaction Costs	
Deemed subordinate voting share to be issued	2,036,621
Warrant deemed granted*	573,053
	2,609,674
Amalgamation expense, net of identifiable net assets	2,501,118

*The balance included the fair value of 3,000,000 existing warrants and 2,225,000 straight warrants. The fair value of the warrants was based on an application of the Black Scholes option pricing model using the following weighted average assumptions: a volatility of 111.78% and 119.67%, a weighted average annual risk-free interest rates of 0.43%, a stock price of CAD$0.30, an exercise price of CAD$0.60 and CAD$0.30, no dividends, and expected lives of 1.60 and 1.99 years for the existing warrants and straight warrants respectively.

7. Accounts Receivable and Other Receivable

	December 31, 2021	**December 31, 2020**
	$	$
Accounts Receivables	9,946	-
Other Receivables	-	25,980
Employee Advances	1,937	-
GST Receivable	18,237	-
	30,120	25,980

8. Inventory

	December 31, 2021	**December 31, 2020**
	$	$
Finished Goods Held for Sale	57,878	-
Raw Materials for Production	97,493	-
	155,371	-

(Expressed in US Dollars)

9. Equipment

Cost	**Production Equipment**
	$
As at December 31, 2019	12,622
Additions	83,720
Disposals	(56,871)
As at December 31, 2020	39,471
Additions	134,069
As at December 31, 2021	173,540
Accumulated Depreciation	
As at December 31, 2019	1,448
Depreciation Expense	13,756
Reversal from Disposal	(9,285)
As at December 31, 2020	5,919
Depreciation Expense	26,155
As at December 31, 2021	32,074
Net Book Value	
As at December 31, 2020	33,552
As at December 31, 2021	141,466

Production equipment with a historical cost of $44,250 was returned and sold back to the vendor for a fair market value of $25,980 during the year ended December 31, 2020. A loss on disposal was recognized in the amount of $5,632.

Production equipment related to the returned assets described above, with a historical cost of $12,621, were abandoned and a loss of $9,974 recognized during the year ended December 31, 2020.

The amount of Accumulated Depreciation reversed that was related to asset abandonment and disposal was $2,648 and $6,637, respectively, during the year ended December 31, 2020.

10. Intangible Assets

	December 31, 2021	**December 31, 2020**
	$	$
Trademarks and Logo – Indefinite-lived	5,500	5,500
Recipes – Indefinite-lived	704,294	704,294
	709,794	709,794

10. Intangible assets (continued)

Trademarks and Logo

The Company has four trademark and logo registrations from the United States Patent and Trademark Office. Under United States law, trademarks can last an indefinite amount of time, but must be renewed every ten years at nominal cost. The amount capitalized represent the historical costs incurred for professional services in obtaining the trademarks. Under IAS 38, and in judgement of management, these trademarks will retain their value indefinitely. The trademark and logo names are:

- Honorable Ethical Moral Protein
- May All Be Fed
- Planet Based Foods
- Seed Logo

Recipes

The Company traces its lineage to a now defunct entity called Hemp Food Company, LLC (“HFC”), and acquired the recipes and related intellectual property (“Recipes”) of HFC, at fair value in 2018. In exchange, the Company granted 2,000,000 of Planet Based Foods, Inc., common shares to various parties of HFC. The Company further granted 10,000,000 and 500,000 common shares to various directors, officers and a consultant of the Company for their contribution on further refining the Recipes during the period ended December 31, 2018 and the year-ended December 31, 2019, respectively. It is management’s judgement that the fair value exchanged is equal to the current $0.05 fair value per share of Planet Based Foods, Inc., common stock. It is management’s judgement that these contributions will retain their value indefinitely. Under IAS 38, the Company will present the value of these non-monetary assets at cost, and management will review the assigned indefinite useful lives of these classes of assets. Management will consider possible future negative impacts such as changes in law, business environment, technology, or indicators of deterioration of financial performance as related to these assets.

As of December 31, 2021, management evaluated recoverability of the value of both trademarks and recipes using value in use approach. For the purpose of annual impairment testing, all of the intangible assets are allocated the only Cash – Generating Unit (“CGU”) the Company has as at December 31, 2021. Annual impairment testing involves determining the recoverable amount of the CGU to which the intangible assets are allocated and comparing this to the carrying value of the CGU. The key assumptions used in the estimates of the recoverable amounts are described below:

- Cash flows were projected based on the Company's long-term business plan. The business plan contains forecasts based on actual operating results in conjunction with anticipated future growth opportunities, as well as industry and market trends. The forecasts were extended to a total of five years (with a terminal year thereafter);

- The terminal growth rate of 2% was based on historical and projected industry data;

- The post tax discount rate applied in determining the recoverable amount of the CGU was in the range of 25% - 30%. The discount rates were estimated based on past experience and the weighted average cost of capital of each CGU group, other competitors in the industry and adjusted for risks in the cash flow.

Management considered the above recoverable amount and other observable market data. No impairment loss was recognized for the year ended December 31, 2021 because the recoverable amount exceeds the carrying value of both trademarks and recipes.

(Expressed in US Dollars)

11. Short-Term Loans

The Company's short-term loans payable balances at December 31, 2021 and December 31, 2020:

	SBA PPP	Short-Term Loans	Total
	$	$	$
Balance, at December 31, 2020	25,000	50,000	75,000
Additions	-	400,000	400,000
Interest	-	-	-
Repayment	-	-	-
Loan Forgiveness	(20,209)	-	(20,209)
Balance, at December 31, 2021	4,791	450,000	454,791

The SBA PPP Loan was issued by the United States SBA, in response to the COVID-19 pandemic. The loan originated May 1, 2020, and management has selected the 24-week covered period spend option. The loan is fully forgivable by SBA if certain covered spending criteria are met. As of December 31, 2020, no forgiveness was recognized because management estimated that the loan met the criteria for only partial forgiveness. In July 2021, management received notice from lender that an SBA forgiveness of $20,209 was approved and this amount has been recorded as government assistance during the period ended December 31, 2021. The portion of the loan that remains unforgiven accrues interest at 1% per annum, and must be repaid within five years from October 17, 2020.

The Short-Term Loans consist of several different loans. First, is a $50,000 loan from Worldwide Creative, LLC, whose principal holds 3,000,000 shares of common stock of the Company. The loan originated on March 6, 2020, is due on demand, has no collateral or security interest, and is interest free. The proceeds for the loan were used as general working capital and various corporate purposes.

During the year ended December 31, 2021, the Company borrowed short-term loans of $100,000 from a former director on August 6, 2021 and $100,000 from a third-party on August 23, 2021. Each loan matures at the earlier of the Company meeting the escrow release conditions for the Major Financing (Note 15), or within twelve months of the date of origination. Each loan accrues compound interest quarterly at a rate of 5% per annum. As of December 31, 2021, interest expense accrued for these two loans is $3,838. There are no collateral or security interests bound to these loans. The proceeds for the loans were used as general working capital and various corporate purposes. Effective as of closing of the merger transaction (or such other time as may be agreed between the parties), pursuant to a restricted stock unit agreement, each lender will be granted 200,000 restricted stock units, with each unit representing the right to receive one subordinate voting share in the capital of the Company, said restricted stock units to vest immediately. As of December 31, 2021, the restricted stock units have not been issued (Notes 15). These two loans have been repaid subsequent to year end.

During the year ended December 31, 2021, the Company borrowed short-term loans of $100,000 from a former director on October 1, 2021 and $100,000 on November 24, 2021. The loan matures at earlier of the escrow release conditions for the Major Financing (Note 15) or October 1, 2022 and November 24, 2022, respectively. The loan accrues compounded interest quarterly at a rate of 5% per annum. As of December 31, 2021, interest expense accrued for these two loans is $1,753. There are no collateral or security interests bound to these loans. The proceeds for the loans were used as general working capital and various corporate purposes. The loan has been repaid subsequent to year end. Effective as of closing of the merger transaction (or such other time as may be agreed between the parties), pursuant to a restricted stock unit agreement, the former director will be granted 100,000 restricted stock units pursuant to the loan granted on November 24, 2021, with each unit representing the right to receive one subordinate voting share in the capital of the Company, said restricted stock units to vest immediately (Notes 15). As of December 31, 2021, the restricted stock units have not been issued.

(Expressed in US Dollars)

12. Related Party Transactions and Balances

	December 31, 2021	December 31, 2020
Transaction:	$	$
Transactions with Research & Development Director	32,000	13,850
Salary – CEO	41,667	4,615
Salary – COO	41,667	4,615
Salary – Research & Development Director	-	3,667
Professional Fees with CFO	54,000	-
Professional Fees with former CFO	50,748	-
Consulting Fees with a Director	37,500	-
Interest on short-term loan with COO	7,500	-

	December 31, 2021	December 31, 2020
Balances:	$	$
Amounts owing to CEO	53,861	14,047
Amounts owing to COO	83,697	67,030
Total	137,558	81,077

These transactions are in the normal course of operations and have been valued in these consolidated financial statements at their estimated fair value amounts.

13. Fair Value and Financial Instruments

Financial Instruments

The Company's financial instruments consist of cash, accounts receivable and other receivables (excluding tax payables), accounts payable and accrued liabilities, due to related parties and short-term loans.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash. This risk is managed through the use of a major bank which is a high credit quality financial institution as determined by rating agencies. The carrying amount of financial assets represents the maximum credit exposure.

Foreign exchange risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The functional currency of the Company is the Canadian dollar and the functional currency of PBF is US dollar. The reporting currency of the Company is US dollar. A significant change in the currency exchange rates between the US dollar relative to the Canadian dollar could have an effect on the Company's results of operations, financial position and cash flows. The Company has not entered into any derivative financial instruments to manage exposures to currency fluctuations. A 1% fluctuation in the US dollar against the Canadian dollar would have a before-tax effect of approximately an $36,800 increase or decrease in net income, based on amounts held at year end.

13. Fair Value and Financial Instruments (continued)

Interest rate risk

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

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company sole sources of funding was from issuance of Shares, shareholder loan, short-term loans and revolving debt. The Company's access to financing has at times been uncertain. There can be no assurance of continued access to significant debt or equity funding.

14. Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, contributed surplus, net of accumulated deficit. The Company manages its capital structure through the preparation of operating budgets, which are approved by the Board of Directors. The Company manages its capital, consisting of shareholders' equity, in a manner consistent with the risk characteristics of the assets it holds. All sources of financing are analyzed by the management and approved by the board of directors.

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern;
- to facilitate the completion of a corporate objectives.

The Company is meeting its objective of managing capital through its detailed review and performance of due diligence on all potential acquisitions, preparing short-term and long-term cash flow analysis to ensure an adequate amount of liquidity and monthly review of financial results. The Company is not exposed to any externally imposed requirements and the Company's overall strategy with respect to capital risk management has not changed from prior year.

15. Equity

a) Share Capital

Authorized: Unlimited subordinate voting shares without par value
Unlimited multiple voting shares without par value (Collectively, the "Shares")

The holders of the subordinate voting shares shall be entitled to notice of and to attend at any meeting of the shareholders of the Company, except a meeting of which only holders of another particular class or series of shares of the Company shall have the right to vote. At each such meeting holders of subordinate voting shares shall be entitled to one vote in respect of each subordinate voting share held.

15. Equity (continued)

a) Share Capital (continued)

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

Issued and outstanding subordinate voting shares:

Subordinate Voting Shares

As of December 31, 2021, 51,225,693 (December 31, 2020: common shares, 2,065,150) subordinate voting shares were issued and outstanding.

On April 7, 2021, the Company completed a private placement for total gross proceeds of $300,000. The private placement consists of 6,000,000 units at $0.05 per unit. Each unit consists of one common share of the Company and one-half of share purchase warrant. Each warrant is exercisable into an additional common share of the Company for a period of two years at a price of $0.60 per warrant. A value of $nil has been attributed to the warrants using the residual method. The Company incurred $8,828 of legal fees in connection with the private placement.

On July 21, 2021, the Company issued 500,000 common shares to a consultant for services provided to the Company for an amount of $25,000.

On July 22, 2021, the Company amended its articles in order to change its authorized capital from an unlimited number of common shares, without par value, to an unlimited number of subordinate voting shares, eliminated a class of unlimited number of preferred shares, without par value, and created a new class of unlimited number of Multiple Voting Shares, all without par value.

On August 31, 2021, the Company closed the Transaction (Note 6) and deemed issued 8,565,150 subordinate voting shares.

On August 31, 2021, the Company complete the Transaction and issued in aggregate, 23,616,778 subordinate voting shares to the PBF shareholders. Immediately after receipt of subordinate voting shares, the principal PBF Shareholders exchanged their respective 8,000,000 subordinate voting shares for 4,000,000 multiple voting shares. The Principal PBF Shareholders are CEO/President and COO of the PBF, respectively.

In connection with the Transaction, The Company conducted a non-brokered private placement (the “Major Financing”) in an amount of $6,316,071 (CAD$8,113,130. The Major Financing has been conducted via issuing subscription receipts (the “Subscription Receipts”) at a price of CAD $0.30 (the “Major Financing Price”). Each Major Financing Unit will consist of one (1) subordinate voting shares and one half of one (1/2) transferable subordinate voting shares purchase warrant (each a “Major Financing Warrant”). Each whole Major Financing Warrant will entitle the holder to purchase one (1) additional subordinate voting shares from the Company at an exercise price of CAD $0.60 per share for a period of two (2) years from the date of issuance. On December 17, 2021, the Subscription Receipts has been fully converted. The fair values of warrants issued pursuant to the private Major Financing have been estimated at the issue date using the residual method valuation. Given the market price of the Company’s subordinate voting shares on the date of conversion of the Major Financing was in excess of the unit offering price, the residual value assigned to the warrants is $nil.

In connection with the Major Financing, the Company has paid finders' fees equal to $331,537 (CAD $425,865) in cash and $138,360 (CAD$ 177,729) non-transferrable warrants (the "Finder's Warrants"). Each Finder's Warrant has the same terms as the Warrants issued under the Offering.

(Expressed in US Dollars)

15. Equity (continued)

a) Share Capital (continued)

Multiple Voting Shares

On August 31, 2021, the Company completed the Transaction and issued in aggregate 4,000,000 multiple voting shares to the principle PBF shareholders.

Share Consolidation

On January 15, 2021, the Company completed a ten to one share consolidation. All references to share and per share amounts in the consolidated financial statements and accompanying notes to the consolidated financial statements have been retroactively restated to reflect the ten to one share consolidation.

b) Warrants

The following is a summary of warrant transactions for the year ended December 31, 2021 and year ended December 31, 2020:

	Number of Warrants		Weighted average exercise price	Weighted average remaining contractual life (year)
Balance at December 31, 2019	82,250	$	0.78	0.88
Warrants expired	(82,250)		0.78	-
Balance at December 31, 2020	-	$	-	-
Warrants granted exercisable on or before April 7, 2023	3,000,000	$	0.47	1.27
Straight warrant	2,225,000		0.24	1.65
Warrants issued on Major financing	13,521,881		0.47	1.95
Broker warrant	1,412,550		0.47	1.95
Balance at December 31, 2021	20,159,431	$	0.45	1.82

At December 31, 2021, the warrants outstanding and exercisable were as follows:

Expiry Date	Exercise Price		Number of Warrants as at December 31, 2021
April 7, 2023	$ 0.47	(CAD$ 0.60)	3,000,000
August 27, 2023	$ 0.24	(CAD$ 0.30)	2,225,000
December 14, 2023	$ 0.47	(CAD$ 0.60)	13,521,881
December 14, 2023	$ 0.47	(CAD$ 0.60)	1,412,550
			20,159,431

15. Equity (continued)

b) Warrants (continued)

In connection with the Transaction, the Company also conducted a straight warrant financing (the "Warrant Financing") in the amount of $35,271 (CAD$44,500) by way of issuing transferable straight warrants (each a "Straight Warrant") at a price of CAD$0.02 per Straight Warrant for an aggregate amount of 2,225,000 Straight Warrants. Each whole Straight Warrant will entitle the holder to purchase one (1) additional subordinate voting share from the Company at an exercise price of CAD$0.30 per share for a period of two (2) years from the date of issuance.

On August 31, 2021, the Company deemed granted 5,225,000 warrants as a result of the RTO. Warrants are exercisable immediately on the date of deemed granted. The average deemed granted date fair value of the warrants was $573,053 using the Black-Scholes option pricing model using the following assumptions: Expected life – 1.6 years and 1.99 years; Volatility – 111.78% and 119.67%; Interest rate – 0.43%; Dividend yield – nil; stock price – CAD $0.30.

On December 17, 2021, as part of the Major financing, the Company issued 13,521,881 warrants which were valued at $nil.

The Company issued 1,412,550 non-transferrable broker's warrants with the same terms as the warrants as finder's fees. The broker's warrants were valued at $177,729 using the Black-Scholes Option Pricing Model with the following assumption at the issue date: risk free interest rate of 0.91%; dividend yield of 0%; expected volatility of 111.21%, stock price of CAD$0.30 and expected life of 2 years.

c) Stock Options

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

The Company has not granted any stock options as at December 31, 2021. See Note 18.

d) Restricted Share Units ("RSUs")

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

The Company has not granted any RSU as at December 31, 2021 but is contractually required to issue 500,000 RSUs to a former director and a third-party related to short-term loans granted to the Company on August 6, 2021, August 23, 2021 and November 24, 2011, respectively (Note 11). This obligation to issue RSUs has been assessed as an equity instrument under IAS 32 because a fixed number of shares will be delivered. The Major Financing Price has been used to calculate the fair value of these RSUs and $118,887 has been included in the contributed surplus balance.

(Expressed in US Dollars)

16. Convertible Promissory Notes

Beginning on February 22, 2021, the Company issued $669,960 in convertible promissory notes ("Note") in several tranches. The promissory notes are unsecured, accrue simple interest at 5% per annum. The tranches of promissory notes have a maturity date two years from the date of issuance ("Mature Date"), being February 23, 2023.

Conversion

i. The outstanding principal amount of the Notes plus accrued interest will automatically convert into shares of common stock of PBF immediately prior to the closing of the Reverse Take Over Transaction ("RTO Transaction") with Digital Buyer Technologies Corp, at a conversion price equal to the price agreed upon by the PBF and Digital, less a 20% discount (equivalent to CAD$0.24).

ii. If, after aggregation, the conversion of this Note would result in the issuance of a fractional share, PBF shall, in lieu of issuance of any fractional share, pay the holder otherwise entitled to such fraction a sum in cash equal to the product resulting from multiplying the then current fair market value of one share of the class and series of capital stock into which this Note has converted by such fraction.

16. Convertible Promissory Notes (continued)

Maturity

Unless these Notes tranches have been previously converted in accordance with the conversion terms noted above, the entire outstanding principal balance and all unpaid accrued interest shall become fully due and payable on the Maturity Date.

The conversion feature of the convertible promissory notes is classified as a derivative financial liability, as the option is not closely related to the principal debt and features of the conversion feature may result in conversion of debt in a variable number of common shares. The conversion feature is separated from the host debt and valued at its fair value on the date of issuance. The initial measurement of fair value of the embedded derivative was $266,930 and was determined using the Black-Scholes pricing model with interest free rate of 0.06%-0.09%, expected volatility of 91% and expected maturity date of around five months, which was the expected date of RTO Transaction completion date.

On August 31, 2021, The Notes with unpaid interest of $13,526 were converted into the PBF's common shares and a total of 3,616,778 subordinate voting shares were issued upon conversion. A loss on debt settlement of $176,464 has been recognized due to the 20% discount provided on the conversion price.

During the year ended December 31, 2021, the conversion feature was revaluated with gain of $266,930.

	Liability component	Derivative liability	Total carrying amount
Balance, December 31, 2020	$ -	$ -	$ -
Additions	403,030	266,930	669,960
Gain on Fair Value Derivative Liability	-	(266,930)	(266,930)
Accrued Interest and Accretion Expense	280,483	-	280,483
Conversion	(683,513)	-	(683,513)
Balance, December 31, 2021	-	-	-

(Expressed in US Dollars)

17. Income Tax

The following table reconciles the expected income taxes (recovery) at the Canadian corporate income tax rates to the amounts recognized in the statements of operations and comprehensive loss for the years ended December 31, 2021 and 2020:

	2021 $	2020 $
Net loss before tax	(4,336,563)	(137,164)
Statutory tax rate	27%	27%
Expected income tax (recovery)	(1,170,872)	(38,383)
Non-deductible and other items	697,293	16
Tax effect of R&D credits and non-taxable items	6,475	(4,954)
Foreign Tax Rate Difference	(15,312)	-
Financing costs	(131,953)	-
Change in deferred tax asset not recognized	613,879	43,321
Total income tax expense (recovery)	-	-

The net deferred tax assets (liabilities) as at December 31, 2021 and 2020 are comprised of the following:

	2021 $	2020 $
Intangible assets	88,289	58,096
Capitalized pre-revenue costs	(48,707)	(48,707)
Fixed assets	(39,582)	(9,389)
Total deferred tax assets (liabilities)	-	-

The unrecognized deductible temporary differences as at December 31, 2021 and 2020 are comprised of the following:

	2021 $	2020 $
Intangible assets	357,105	323,553
R&D Credits	9,477	9,477
Net operating losses carryforwards	1,301,619	97,333
Non-capital loss carryforwards	614,180	-
Financing costs	407,671	53,773
Unrecognized deductible temporary differences	2,690,052	484,136

The Company has capital loss carryforwards of approximately $614,180 which may be carried forward indefinitely to apply against future year capital gains for Canadian income tax purposes, subject to the final determination by taxation authorities.

	$
2040	-
2041	614,180
	614,180

(Expressed in US Dollars)

17. Income Tax (continued)

The Company has net operating losses carryforwards of approximately $1,301,619 (2020: $97,333) which may be carried forward to apply against future year income tax for United State corporate income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

	$
2040	-
2041	1,301,619
	1,301,619

18. Commitments

As at December 31, 2021, the Company has agreed to issue 2,350,000 stock options to its officers, directors and certain consultants when its subordinate voting shares become publicly traded. These stock options have been subsequently issued on January 11, 2022 with an exercise price of CAD$0.30 per option and expiry date January 11, 2032.

As at December 31, 2021, the Company has agreed to issue 200,000 RSU to a consultant of the Company. The timing of such grant has not been finalized by the Company, but is expected to be at the time of the initial grant of RSUs to directors/officers of the Company pursuant to the RSU Plan.

On December 10, 2021, the Company entered into an agreement with a consulting company which provides various social media and investor relations consulting services. The contract is for C$120,000, and the services provided will be ongoing for the period beginning January 1, 2022, and ending July 1, 2022. The Company paid the full amount on January 5, 2022, with the amount included as Prepaid Expense in January 2022 to be amortized over the six months of the contract.

19. Subsequent Events

Subsequent to year ended December 31, 2021, 10,000 warrants were exercised at CAD$0.30 each for a total of CAD$3,000.

Subsequent to year ended December 31, 2021, the Company has repaid the $400,000 short-terms loans and accrued interest. (Note 11).

Also See Note 18.