Planet Based Foods Global Inc.

Interim Condensed Consolidated Financial Statements

For the Six Months Ended June 30, 2022 and 2021

(Expressed in US Dollars)

NOTICE TO READER

The accompanying unaudited interim condensed financial statements of Planet Based Foods Global Inc. for the period ended June 30, 2022, have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indication that an auditor has not reviewed the financial statements.

The accompanying unaudited interim condensed financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these interim condensed financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of the interim condensed financial statements by an entity's auditor

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

As at	Note	June 30, 2022	December 31, 2021
		$	$
Current Assets			
Cash		2,852,396	5,425,339
Accounts receivable and other receivable	7	55,024	30,120
Prepaid expenses		88,753	145,655
Inventory	8	371,891	155,371
		3,368,064	5,756,485
Non-Current Assets			
Equipment, net	9	133,620	141,466
Intangible assets	10	709,794	709,794
		4,211,478	6,607,745
Current Liabilities			
Accounts payable and accrued liabilities		106,215	163,477
Due to related parties	12	-	137,558
Short-term loans	11	-	454,791
		106,215	755,826
Shareholders' Equity			
Share capital	15	9,738,112	9,734,270
Contributed surplus	15	1,468,671	830,302
Accumulated other comprehensive income		29,757	52,356
Deficit		(7,131,277)	(4,765,009)
		4,105,263	5,851,918
		4,211,478	6,607,745

Nature of operations and going concern (Note 1)
Commitments (Note 17)
Subsequent events (Note 18)

Approved on Behalf of the Board of Directors on August 23, 2022:

"Braelyn Davis" Director
Braelyn Davis

"James Harris" Director
James Harris

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

Planet Based Foods Global Inc.
Interim condensed Consolidated Statements of Operations and Comprehensive Loss
(Expressed in US Dollars)

	Notes	Three Months Ended		Six Months Ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
		$	$	$	$
Sales		18,439	-	24,769	-
Cost of sales		9,628	-	12,517	-
Gross profit		8,811	-	12,252	-
Operating Expenses					
Advertising		170,254	101,753	389,756	142,956
Computer and related		8,780	3,859	12,615	5,617
Consulting		251,041	13,180	491,326	13,180
Depreciation		11,191	5,968	17,024	9,888
Employee and related costs		136,420	55,181	256,823	80,891
Foreign exchange gain (loss)		40	(105)	198	-
Insurance		26,460	3,067	49,023	4,606
Investor relation expenses		27,298	-	181,813	-
Miscellaneous		2,048	1,530	12,415	1,950
Occupancy		1,050	825	2,575	1,375
General and administration		359	800	1,453	1,574
Professional fees		19,884	68,199	68,324	110,397
Research and development		44,996	62,692	147,808	80,537
Stock based compensation		-	-	639,812	-
Transfer agent and regulatory		19,898	-	65,172	-
Travel and related		14,272	11,554	48,189	21,477
Total operating expenses		(733,991)	(328,503)	(2,384,326)	(474,448)
Other Income (Expenses)					
Accrued Interest and Accretion Expense		-	(178,901)	-	(215,534)
Gain on fair value of derivative liability		-	94,460	-	94,460
Interest income (expense)		(92)	(1,949)	1,170	(4,026)
Other income (expenses)		8,077	2,391	4,636	3,210
State tax		-	-	-	(250)
		7,985	(83,999)	5,806	(122,140)
Net Loss		(717,195)	(412,502)	(2,366,268)	(596,588)
Other Comprehensive Loss (Income)					
Unrealized gain (loss) on foreign exchange translation		(47,032)	-	(22,599)	-
Comprehensive Loss		(764,227)	(412,502)	(2,388,867)	(596,588)
Basic and diluted loss per common share		(0.01)	(0.02)	(0.04)	(0.03)
Weighted average number of common shares outstanding – Basic and diluted		59,235,693	20,000,000	59,234,754	20,000,000

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

Planet Based Foods Global Inc.
Interim condensed Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in US Dollars)

	Common Shares	Common Shares	Number of Subordinated Voting Shares	Subordinated 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
Share subscription received	-	-	-	-	-	-	-	-	-	-
Issuance of share capital	1,000,000	50,000	-	-	-	-	-	-	-	50,000
Net loss and comprehensive loss for the period	-	-	-	-	-	-	-	-	(137,164)	(137,164)
Balance - December 31, 2020	20,000,000	991,499	-	-	-	-	-	-	(428,446)	563,053
Net loss and comprehensive loss for the period	-	-	-	-	-	-	-	-	(532,932)	(532,932)
Balance - June 30, 2021	20,000,000	991,499	-	-	-	-	-	-	(961,378)	30,121
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 common 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	-	-	-	-	-	-	118,889	-	-	118,889
Net loss and comprehensive loss for the period	-	-	-	-	-	-	-	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
Shares issued from warrant exercised	-	-	10,000	3,842	-	-	(1,443)	-	-	2,399
Stock options granted and vested	-	-	-	-	-	-	639,812	-	-	639,812
Net loss and comprehensive loss for the period	-	-	-	-	-	-	-	(22,599)	(2,366,268)	(2,388,867)
Balance - June 30, 2022	-	-	51,235,693	8,526,864	4,000,000	1,211,248	1,468,671	29,757	(7,131,277)	4,105,263

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

Planet Based Foods Global Inc.
Interim condensed Consolidated Statements of Cash Flows
(Expressed in US Dollars)

	Note	June 30, 2022 $	June 30, 2021 $
Net Loss for the Period		(2,366,268)	(596,588)
Depreciation	9	17,024	9,888
Accrued interest		(459)	
Foreign exchange gain or loss		8	-
Gain on fair value derivative liability		-	(94,460)
Loss on fair value of convertible debt		-	215,534
Stock based compensation	15	639,812	-
Changes in Non-cash Working Capital:			
Other receivables		(25,373)	19,003
Prepaids expenses		56,089	(1,867)
Inventory		(216,520)	(104,498)
Accounts payable and accrued liabilities		(57,059)	108,763
Net Cash from Operating Activities		(1,952,746)	(445,225)
Cash Flows from Investing Activities			
Acquisition of equipment		(9,178)	(119,369)
Net Cash from Investing Activities		(9,178)	(119,369)
Cash Flows from Financing Activities			
Proceeds from short-term loans payable	11	(454,332)	-
Proceeds from related parties	12	(137,558)	(34,353)
Proceeds from convertible debentures		-	669,960
Net proceeds from Issuance of common stocks	15	2,396	-
Net Cash from Financing Activities		(589,494)	635,607
Effect of Foreign Exchange on Cash		(21,525)	-
Net (Decrease) Increase in Cash		(2,572,943)	72,013
Cash – Beginning of Period		5,425,339	22,411
Cash – End of Period		2,852,396	94,424

The accompanying notes are integral to these interim condensed 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 interim condensed 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 June 30, 2022, the Company has an accumulated deficit of $7,131,277 (December 31, 2021: $4,765,009) since inception. The Company also incurred a net loss of $2,366,268 for the period ended June 30, 2022 (June 30, 2021: $569,588) 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 interim condensed 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 interim condensed consolidated financial statements were approved and authorized for issue by the board of directors on August 23, 2022.

2. Basis of Presentation

Statement of Compliance

These interim condensed consolidated financial statements are prepared in accordance with International Accounting Standards ("IAS") 34, interim condensed Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") on a basis consistent with the significant accounting policies disclosed in note 2 of the most recent annual financial statements as at and for the year ended December 31, 2021 as filed on SEDAR at www.sedar.com. The interim condensed consolidated financial statements do not include all of the information required for full annual financial statements.

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

Fair value calculation of share-based payments

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.

<u>Financial assets</u>

- 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)

<u>Financial liabilities</u>

- 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.

<u>Fair value hierarchy</u>

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 June 30, 2022 and December 31, 2021, 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.

<u>Presentation of financial statements</u>
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

	June 30, 2022	**December 31, 2021**
	$	$
Accounts receivable	17,696	
Other Receivables	4,709	25,980
Employee Advances	1,937	-
GST Receivable	30,682	-
	55,024	25,980

8. Inventory

	June 30, 2022	**December 31, 2021**
	$	$
Finished Goods Held for Sale	281,081	57,878
Raw Materials for Production	90,810	97,493
	371,891	155,371

(Expressed in US Dollars)

9. Equipment

Cost	**Production Equipment**
	$
As at December 31, 2020	39,471
Additions	134,069
As at December 31, 2021	173,540
Additions	9,178
As at June 30, 2022	182,718
Accumulated Depreciation	
As at December 31, 2020	5,919
Depreciation Expense	26,155
As at December 31, 2021	32,074
Depreciation Expense	17,024
As at June 30, 2022	49,098
Net Book Value	
As at December 31, 2021	141,466
As at June 30, 2022	133,620

10. Intangible Assets

	June 30, 2022	**December 31, 2021**
	$	$
Trademarks and Logo – Indefinite-lived	5,500	5,500
Recipes – Indefinite-lived	704,294	704,294
	709,794	709,794

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

(Expressed in US Dollars)

10. Intangible assets (continued)

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 period ended June 30, 2022, because the recoverable amount exceeds the carrying value of both trademarks and recipes.

11. Short-Term Loans

The Company's short-term loans payable balances at June 30, 2022 and December 31, 2021:

	SBA PPP	Short-Term Loans	Total
	$	$	$
Balance, at December 31, 2020	25,000	50,000	75,000
Additions	-	400,000	400,000
Loan Forgiveness	(20,209)		(20,209)
Balance, at December 31, 2021	4,791	450,000	454,791
Repayment	(4,332)	(450,000)	(454,332)
Interest adjustment	(459)		(459)
Balance, at June 30, 2022	-	-	-

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 interest has been paid during the period ended June 30, 2022.

(Expressed in US Dollars)

11. Short-Term Loans (continued)

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 period ended June 30, 2022, the Company fully repaid this loan.

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. 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 during the period ended June 30, 2022.

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. 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 during the period ended June 30, 2022. 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 June 30, 2022, the restricted stock units have not been issued.

12. Related Party Transactions and Balances

	June 30, 2022	**June 30, 2021**
Transaction:	$	$
Transactions with Research & Development Director	48,000	12,000
Salary – CEO	62,500	-
Salary – COO	62,500	-
Professional Fees with CFO	72,000	-
Consulting Fees with a Director	41,250	-

	June 30, 2022	**December 31, 2021**
Balances:	$	$
Amounts owing to CEO	-	53,861
Amounts owing to COO	-	83,697
Amount owing to CFO*	12,000	-
Amount prepaid to Research & Development Director**	(8,000)	-
Total	4,000	137,558

*balance included in accounts payable and accrued liabilities.
** balance included in prepaid expenses.

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 $13,000 increase or decrease in net income, based on amounts held at period end.

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.

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 June 30, 2022, 51,235,693 (December 31, 2021: 51,225,693) subordinate voting shares were issued and outstanding.

During the period ended June 30, 2022, the Company issued 10,000 subordinate voting shares for the exercise of warrants for cash proceeds of $2,396 (CAD$3,000). In relation to the exercise of the warrants, the proportionate fair value of $1,443 was allocated from reserves.

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.

15. Equity (continued)

a) Share Capital (continued)

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.

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.

(Expressed in US Dollars)

15. Equity (continued)

b) Warrants

The following is a summary of warrant transactions for the year ended June 30, 2022 and year ended December 31, 2021:

	Number of Warrants		Weighted average exercise price	Weighted average remaining contractual life (year)
Warrants granted exercisable on or before April 7, 2023	3,000,000	$	0.47	1.02
Straight warrant	2,225,000		0.24	1.41
Warrants issued on Major financing	13,521,881		0.47	1.72
Broker warrant	1,412,550		0.47	1.72
Balance at December 31, 2021	20,159,431	$	0.45	
Warrants exercised	(10,000)		0.24	-
Balance at June 30, 2022	20,149,431	$	0.44	1.33

At June 30, 2022, the warrants outstanding and exercisable were as follows:

Expiry Date	Exercise Price		Number of Warrants as at June 30, 2022
April 7, 2023	$ 0.47	(CAD$ 0.60)	3,000,000
August 27, 2023	$ 0.24	(CAD$ 0.30)	2,215,000
December 17, 2023	$ 0.47	(CAD$ 0.60)	13,521,881
December 17, 2023	$ 0.47	(CAD$ 0.60)	1,412,550
			20,149,431

During the period ended June 30, 2022, 10,000 warrants were exercised at CAD $0.30 each for a total of $2,396 (CAD$3,000). In relation to the exercise of the warrants, the proportionate fair value of $1,443 was allocated from reserves.

In connection with the Transaction, the Company 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.

(Expressed in US Dollars)

15. Equity (continued)

b) Warrants (continued)

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 continuity of stock options for the periods ended June 30, 2022 and December 31, 2021 is as follows:

	June 30, 2022		December 31, 2021	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
beginning of the year	-	-	-	-
Granted	2,350,000	0.24	-	-
Exercised	-	-	-	-
Options outstanding, end of period	2,350,000	0.24	-	-
Options exercisable, end of the period	2,350,000	0.24	-	-

(Expressed in US Dollars)

15. Equity (continued)

c) Stock Options (continued)

The options outstanding at June 30, 2022 are as follows:

Number of Option Outstanding	Granted Date	Expiry Date		Exercise Price		Weighted Average Remaining Contractual life (Years)
2,350,000	January 11, 2022	January 11, 2032	$	0.24	(CAD $0.30)	9.54
2,350,000			$	0.24		9.54

On January 11, 2022, the Company granted 2,350,000 common share purchase options to the directors, officers and consultant. The options are exercisable at $0.24 (CAD$0.30), fully vested immediately and expire on January 11, 2032. Company valued the options at $639,812 (CAD$806,520) using the Black-Scholes Option Pricing Model to estimate the fair value of the options using the following assumptions: risk free interest rate of 1.50%; dividend yield of 0%; expected volatility of 142.84%; and expected option life of 5 years.

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 June 30, 2022 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.

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).

16. Convertible Promissory Notes (continued)

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.

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.

17. Commitments

As at June 30, 2022, 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.

18. Subsequent events

Subsequent to June 30, 2022, the Company granted 400,000 subordinate voting share purchase options to a consultant. The options are exercisable at $0.144 (CAD$0.185), fully vested immediately and expire for a term of 3 years.