EAT & BEYOND GLOBAL HOLDINGS INC.

BUSINESS ACQUISITION REPORT

FORM 51-102F4

Item 1. Identity of Company

1.1 Name and Address of Company

Eat & Beyond Global Holdings Inc. (the "**Company**")
1570 – 505 Burrard Street
Vancouver, BC V7X 1M5

1.2 Executive Officer

The following executive officer of the Company is knowledgeable about the significant acquisition and this business acquisition report:

Michael Aucoin
Chief Executive Officer
Telephone: 604-416-4099

Item 2. Details of Acquisition

2.1 Nature of Business Acquired

The Company completed the acquisition (the "**Arrangement**") of all of the issued and outstanding common shares of Mylk Brands Inc. ("**Mylk**") by way of an arrangement under the *Business Corporations Act* (British Columbia) pursuant to an arrangement agreement dated January 24, 2022 (the "**Arrangement Agreement**").

Mylk, a British Columbia corporation, is the sole shareholder of Fresh Start Beverage Company d/b/a Banana Wave. Banana Wave is based in Boca Raton, Florida. Banana Wave's beverages are made from fiber-rich oats and real bananas. They are available in five different flavors: original, unsweetened original, mango, chocolate, and strawberry. All varieties are dairy-free, gluten-free, soy-free, and non-GMO with 65 to 90 calories, and contain Vitamin B2, Vitamin B12. Vitamin C and Vitamin E.

2.2 Date of Acquisition

The Company completed the Arrangement on April 1, 2022.

2.3 Consideration

Pursuant to the terms of the Arrangement Agreement, each common share of Mylk ("**Mylk Share**") was exchanged for common shares in the capital of the Company (an "**EATS Share**"), being the number of EATS Shares equal to the quotient of (i) $11,500,000 divided by the deemed price of $0.52 per EATS Share, divided by (ii) the number of Mylk Shares outstanding immediately prior to closing of the Arrangement. In completing the acquisition, EATS issued 22,115,310 EATS Shares to the former shareholders of Mylk. Following completion of the Arrangement, EATS has beneficial ownership and control over 100% of the issued and outstanding Mylk Shares.

2.4 Effect on Financial Position

Except as otherwise publicly disclosed and in the ordinary course of business and other than in respect of changes that occurred as a result of the Arrangement, the Company does not have any current plans or proposals for material changes in its business affairs or the affairs of Mylk which may have a significant effect on the results of operations and financial position of the Company.

2.5 Prior Valuations

No valuation opinion was obtained in the last 12 months by the Company or Mylk as no such valuation opinion was required by securities legislation or a Canadian exchange or market to support the consideration under the Arrangement.

2.6 Parties to the Transaction

The Arrangement was not with an informed person, associate or affiliate of the Company as defined in Section 1.1 of National Instrument 51 – 102 *Continuous Disclosure Obligations*.

2.7 Date of Report

July 11, 2022

Item 3. Financial Statements

Pursuant to Part 8 of NI 51-102, the following financial statements are attached as schedules to the Business Acquisition Report and form part of this Business Acquisition Report:

Schedule A	The audited consolidated financial statements of Mylk and related notes thereto for the years ended December 31, 2021 and 2020.
Schedule B	The unaudited consolidated financial statements of Mylk for the three month period ended March 31, 2022 and 2021.

SCHEDULE A

AUDITED ANNUAL FINANCIAL STATEMENTS OF MYLK BRANDS INC.

[See attached]

Mylk Brands Inc.

Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in United States dollars)

Crowe MacKay LLP
1100 - 1177 West Hastings Street
Vancouver, BC V6E 4T5
Main +1 (604) 687-4511
Fax +1 (604) 687-5805
www.crowemackay.ca

Independent Auditor's Report

To the Board of Directors of Mylk Brands Inc.

Opinion

We have audited the consolidated financial statements of Mylk Brands Inc. (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2021 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficit) and cash flows for the year 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 Group as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit 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 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other matter

The consolidated financial statements of Mylk Brands Inc. for the year ended December 31, 2020 are unaudited.

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 Group’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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’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 judgment 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 Group'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 Group'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 Group 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, Canada
June 15, 2022

Mylk Brands Inc.
Consolidated Statements of Financial Position
As at December 31, 2021 and 2020
(Expressed in United States dollars)

	Note	**2021**	2020
		$	$
Assets			
Current assets			
Cash		**14,099**	225,095
Accounts receivable		**46,247**	-
Inventory	6	**202,165**	196,453
Total assets		**262,511**	421,548
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	11	**273,871**	158,814
Loans payable - current portion	8	**85,643**	-
Convertible debentures	9	**135,027**	-
		494,541	158,814
Loans payable	8	**150,000**	150,000
Convertible debentures	9	**-**	485,420
Total liabilities		**644,541**	794,234
Shareholders' equity (deficit)			
Share capital	10	**4,537,718**	2,768,197
Contributed surplus	10	**3,359**	3,359
Reserves	10	**-**	383,981
Accumulated other comprehensive loss		**(467)**	-
Deficit		**(4,922,640)**	(3,528,223)
Total shareholders' equity (deficit)		**(382,030)**	(372,686)
Total liabilities and shareholders' equity (deficit)		**262,511**	421,548

Nature of operations and going concern (note 1)
Subsequent events (note 16)

These consolidated financial statements are approved and authorized for issuance on behalf the Board of Directors on June 15, 2022.

/s/ "*Steven Gelerman*"
Director

/s/ "*Daniel Greenwald*"
Director

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

Mylk Brands Inc.
Consolidated Statements of Loss and Comprehensive Loss
For the years ended December 31, 2021 (audited) and 2020 (unaudited)
(Expressed in United States dollars, except number of shares)

	Note	**2021 (audited)**	2020 (unaudited)
		$	$
Revenue		**478,482**	334,257
Cost of goods sold	7	**(506,947)**	(770,858)
Gross profit (loss)		**(28,465)**	(436,601)
Operating expenses			
Bad debt expense		**20,500**	-
General and administrative expense		**65,527**	74,736
Legal and professional fees		**170,597**	54,671
Marketing		**217,508**	283,430
Share-based compensation	10, 11	**-**	316,442
Salaries and wages	10, 11	**774,287**	192,175
Operating loss		**(1,276,884)**	(1,358,055)
Other expenses (income)			
Acquisition expense	5	**99,187**	-
Interest expense	8, 9	**18,346**	30,920
		117,533	30,920
Net loss for the year		**(1,394,417)**	(1,388,975)
Other comprehensive loss			
Foreign exchange loss on translation adjustment		**(467)**	-
Loss and comprehensive loss for the year		**(1,394,884)**	(1,388,975)
Loss per share			
Basic and diluted			
Common A		**(0.07)**	(0.21)
Common B		**(0.07)**	(0.21)
Weighted average number of common shares outstanding			
Basic and diluted			
Common A		**20,102,049**	5,632,798
Common B		**463,008**	875,637

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

Mylk Brands Inc.
Consolidated Statements of Cash Flows
For the years ended December 31, 2021 (audited) and 2020 (unaudited)
(Expressed in United States dollars)

	2021 (audited)	2020 (unaudited)
	$	$
Operating activities		
Net loss for the year	**(1,394,417)**	(1,388,975)
Items not affecting cash:		
Shares issued for services and salaries	**656,530**	-
Share-based compensation	**-**	316,442
Acquisition expense	**99,187**	-
Interest expense (income)	**16,711**	30,920
Changes in non-cash working capital:		
Accounts receivable	**(46,247)**	133,622
Prepaid expenses	**-**	961
Inventory	**(5,712)**	39,437
Accounts payable and accrued liabilities	**110,698**	63,910
Net cash used in operating activities	**(563,250)**	(803,683)
Investing activity		
Cash acquired from reverse takeover transaction	**138,869**	-
Net cash provided by investing activity	**138,869**	-
Financing activities		
Refund on cancellation of shares subscription	**(100,000)**	-
Loan proceeds received from Mylk Brands prior to reverse takeover transaction	**148,705**	-
Proceeds from loan	**35,000**	-
Proceeds from convertible note	**130,147**	454,500
Proceeds from SBA loan	**-**	150,000
Proceeds from common share subscriptions	**-**	401,961
Net cash provided by financing activities	**213,852**	1,006,461
Effect of foreign exchange on cash	**(467)**	-
Net change in cash	**(210,996)**	202,778
Cash, beginning of the year	**225,095**	22,317
Cash, end of the year	**14,099**	225,095
Supplemental disclosure of non-cash transactions:		
Shares issued on conversion of convertible debentures and accrued interest	**495,677**	-

During the year ended December 31, 2021, no cash payments were made for income tax or interest (2020 - $nil).

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

Mylk Brands Inc.
Consolidated Statements of Changes in Shareholders’ Equity (Deficit)
For the years ended December 31, 2021 (audited) and 2020 (unaudited)
(Expressed in United States dollars, except number of shares)

	Common A	Common B	Preferred A	Preferred B						
	Share number	**Share number**	**Share number**	**Share number**	**Share capital**	**Contributed surplus**	**Reserves**	**Accumulated other comprehensive loss**	**Deficit**	**Total shareholders' equity (deficit)**
	#	#	#	#	$	$	$	$	$	$
Balance, December 31, 2019 (unaudited)	77,463,734	12,739,121	57,484	-	2,366,236	-	70,898	-	(2,139,248)	297,886
Issuance of shares on private placement, net of share issue cost (unaudited)	18,246,084	-	-	-	401,961	-	-	-	-	401,961
Expiration of stock options (unaudited)	-	-	-	-	-	3,359	(3,359)	-	-	-
Share-based compensation (unaudited)	-	-	-	-	-	-	316,442	-	-	316,442
Net loss for the year (unaudited)	-	-	-	-	-	-	-	-	(1,388,975)	(1,388,975)
Balance, December 31, 2020	95,709,818	12,739,121	57,484	-	2,768,197	3,359	383,981	-	(3,528,223)	(372,686)
Shares issued for salaries and services	29,801,621	-	-	-	656,530	-	-	-	-	656,530
Cancellation of common A shares	(4,539,265)	-	-	-	(100,000)	-	-	-	-	(100,000)
Conversion of convertible debentures to Preferred B shares	-	-	-	20,458,749	495,677	-	-	-	-	495,677
Conversion of warrants to Common A shares	8,076,177	-	-	-	316,442	-	(316,442)	-	-	-
Conversion of stock options to Common A shares	700,178	-	-	-	67,539	-	(67,539)	-	-	-
Removal of shares due to acquisition	(129,748,529)	(12,739,121)	(57,484)	(20,458,749)	-	-	-	-	-	-
Consideration shares issued for acquisition of Fresh Start Beverage Company	18,939,394	-	-	-	-	-	-	-	-	-
Share capital of Fresh Start Beverage Company on RTO	15,151,517	-	-	-	333,333	-	-	-	-	333,333
Currency translation adjustment	-	-	-	-	-	-	-	(467)	-	(467)
Net loss for the year	-	-	-	-	-	-	-	-	(1,394,417)	(1,394,417)
Balance, December 31, 2021	**34,090,911**	**-**	**-**	**-**	**4,537,718**	**3,359**	**-**	**(467)**	**(4,922,640)**	**(382,030)**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Mylk Brands Inc. (the "Company" or "Mylk Brands") was incorporated pursuant to the Business Corporations Act of British Columbia on March 22, 2021. The Company is an emerging plant-based food technology company that designs, develops, distributes, and sells plant-based, non-dairy banana beverage. To date, the Company has developed a core product line under the Banana Wave brand. The Company's head and registered and records office is located at Suite 1500, 1055 West Georgia St, Vancouver, BC, V6E 4N7.

Reverse takeover

On July 13 , 2021, the Company's wholly-owned subsidiary BCCO Merger Co, Inc. ("Merger Co") and Fresh Start Beverage Company ("Fresh Start") completed a business combination transaction (the "Transaction") pursuant to an amalgamation agreement dated April 30, 2021 between the Company, Merger Co and Fresh Start whereby: (i) the Company acquired all of the issued and outstanding securities of Fresh Start pursuant to a three-cornered amalgamation; and (ii) Merger Co amalgamated with Fresh Start to form the amalgamated wholly-owned subsidiary of the Company, Fresh Start Beverage Company.

Effective July 13, 2021 ("Effective Date"), the Transaction closed whereby the Company issued to Fresh Start shareholders, pro rata to their respective holdings of Fresh Start shares, 18,939,394 common shares in exchange for all of the issued and outstanding shares of Fresh Start.

Management determined that the Transaction constituted a reverse acquisition for accounting purposes whereby Fresh Start acquired the Company. For accounting purposes, Fresh Start is treated as the accounting acquirer, and Mylk Brands (legal parent) is treated as the accounting acquiree in these consolidated financial statements. As Fresh Start was deemed to be the acquirer for accounting purposes, its assets, liabilities, and operations since incorporation are included in these consolidated financial statements at their historical carrying values. The Company's results of operations are included from the transaction date, July 13, 2021. The comparative figures are those of Fresh Start prior to the Transaction.

Going concern

The consolidated financial statements for the years ended December 31, 2021 and 2020 (the "financial statements") have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has generated revenues net of discounts of $478,482 (2020 (unaudited) - $334,257) from operations and incurred a net loss of $1,394,417, during the year ended December 31, 2021 (December 31, 2020 (unaudited) - $1,388,975). As at December 31, 2021, the Company has an accumulated deficit of $4,922,640 (December 31, 2020 (unaudited) - $3,528,223).

The Company expects to incur further losses in the development of its business and has significant capital projects planned. The continued operations of the Company are dependent on management's ability to manage costs, raise additional equity or debt, and on future profitable operations. 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. Furthermore, there can be no assurances that the Company will be able to raise funds through future debt or equity issuances. As a result of these conditions, management has concluded, in making its going concern assessment, that there are material uncertainties related to events and conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Company in future periods.

On February 24, 2022, Russian troops started to invade Ukraine. In response to this military action, various countries, including Canada, issued broad-ranging economic sanctions against Russia. The ramifications of the sanctions may not be limited to Russia and Ukraine and may spill over to and negatively impact other regional and global economic markets, sectors, industries and markets for securities and commodities globally. The current circumstances are dynamic and the duration of the conflict and related impact of imposed sanctions on the business cannot be reasonably estimated at this time. While the Company expects any direct impacts of the conflict in Ukraine to the business to be limited, the direct impacts on the economy may negatively affect the business and future operations.

2. BASIS OF PRESENTATION

a) Statement of compliance

These financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IAS") and interpretations of the International Financial Reporting Interpretations Committee.

These financial statements were approved by the Board of Directors and authorized for issue on June 15, 2022.

b) Basis of presentation

The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Functional and presentation currency

The financial statements are presented in United States dollars ("US dollars"), except as otherwise noted. The functional currency is the currency of the primary economic environment in which an entity operates. The functional currency of the Company is the Canadian dollars ("C$"). The functional currency of the Company's wholly owned subsidiary is as follow:

Name of subsidiary	Country of incorporation	Percentage ownership 2021	2020	Functional currency	Principal activity
Fresh Start Beverage Company	United States	100%	0%	US dollar	Operations

d) Basis of consolidation

These financial statements include the financial information of the Company and its wholly owned subsidiaries, Fresh Start Beverage Company. All intercompany transactions and balances are eliminated on consolidation. Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. A subsidiary is included in the financial statements from the date control commences until the date control ceases.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Cash

Cash is comprised of deposits in financial institutions, and cash on hand.

b) Inventory

Inventory consists of raw materials, packaging and finished goods. Inventory is measured at the lower of cost and net realizable value. Inventory costs include direct labour and certain overhead expenses such as in-bound shipping and handling costs incurred to bring the inventory to its present location and conditions. Cost is determined using the first in first out method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. If the Company determines that the estimated net realizable value of its inventory is less than the carrying value of such inventory, it records a charge to impairment of inventory expense.

c) Revenue recognition

The Company generates revenue from the sale of vegan drinks through wholesale arrangements and online eCommerce sales. The time between invoicing and when payment is due is not significant and none of the Company's contracts contain a significant financing component.

The Company follows IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15"), to recognize its revenue. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15 the Company's accounting policy for revenue recognition is as follows: i) identify the contract with the customer; ii) identify the performance obligation(s) in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligation(s); and (v) recognize revenue when (or as) performance obligation(s) are satisfied.

For wholesale arrangements and online eCommerce sales, revenue is recognized in line with the shipping terms stipulated in the contracts. For online eCommerce sales where consideration is received before the service is provided, the Company accounts for those pending sales as deferred revenue. Revenue is measured based on the price specified in the Company's invoice provided to the customer. The Company does not have any multiple-element revenue arrangements.

Revenue is presented net of discounts, sales, and other promotional offers. The Company routinely offers sales discounts and promotions through various programs to its customers and consumers. Provision for discounts and incentives are recorded in the same period in which the related revenues are recognized. The offsetting charge is recorded as a reduction of revenues in the same period when the expense is incurred.

d) Loss per share

Basic loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of shares outstanding in the period. For all periods presented, the loss available to common shareholders equals the reported loss. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. In the Company's case, diluted loss per share is the same as basic loss per share as the effect of outstanding share options and warrants on loss per share would be anti-dilutive.

e) Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share options, and warrants are classified as equity instruments. Incremental costs directly attributable to the issue of new share options, including professional, consulting and regulatory costs, are shown in equity as a deduction, net of tax, from the proceeds of the issuance as share issue costs.

f) Convertible debentures

The Company's convertible debentures are determined to be compound financial instruments, comprising a host debt component and a derivative liability (conversion option). As the conversion of the convertible debentures is not to a fixed number of common shares, the conversion option is classified as derivative liability. Usually, the derivative liability component is first measured at its fair value on initial recognition and the residual component is allocated to host debt. Upon exercise of the convertible debentures, an amount that is proportionate to the amount of liability converted is re-allocated from derivative liability into share capital. The host debt component is accreted using the effective interest rate method over the term of the liability, such that the carrying amount of the host debt will equal the principal balance at maturity.

When it is not feasible to determine the fair value of the embedded derivative liability on initial recognition or at the end of a subsequent financial reporting period, the Company designates the entire compound instrument as at fair value through profit or loss.

g) Foreign currency translation

Transactions and balances

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

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

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income (loss) to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income (loss). Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Foreign operations

The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency will be translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are recorded in other comprehensive loss.

h) Share-based compensation

The Company grants common shares, stock options ("options") and warrants to its directors and consultants from time to time. The fair value of the options and warrants is measured using the Black-Scholes option pricing model and is recognized over the vesting period. Share-based compensation is measured at the fair value of the goods or services received, or at the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The offset to the recorded cost is to share-based compensation reserve. Consideration received on the exercise of stock options is recorded as share capital and the recorded amount to share-based compensation reserve is transferred to share capital. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that vested.

Where the terms and conditions of options are modified, the increase in the fair value of the options, measured immediately before and after the modification, is charged to profit or loss. For unexercised options and warrants that expire, the recorded value in share-based compensation reserve is transferred to contributed surplus.

i) Income taxes

Current income tax

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to previous years.

Deferred income tax

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and tax losses carried forward. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized, or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that substantive enactment occurs. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is not recognized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

j) Financial instruments

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, loans payable and convertible debentures. All of the Company's financial instruments are measured at amortized cost, with the exception of its convertible debentures, which are measured at fair value through profit or loss.

The following is the Company's accounting policy for financial instruments under IFRS 9 *Financial Instruments*.

Financial assets initial recognition and measurement

A financial asset is measured initially at fair value plus transaction costs that are directly attributable to its acquisition or issue, except for instruments measured at fair value through profit and loss which are expensed as incurred. On initial recognition, a financial asset is classified as measured at amortized cost, fair value through profit or loss, or fair value through other comprehensive income ("FVTOCI"). A financial asset is subsequently measured at amortized cost if it meets the conditions that:

(i) The asset is held within a business model whose objective is to hold assets to collect contractual cash flows;
(ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
(iii) Is not designated as fair value through profit or loss.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit and loss are carried in the consolidated statement of financial position at fair value with changes in fair value therein recognized in profit or loss.

Financial assets measured at amortized cost

A financial asset is subsequently measured at amortized cost using the effective interest method, net of any impairment allowance.

Impairment of financial assets at amortized cost

The Company assesses on a forward-looking basis the expected credit loss associated with financial assets measured at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For accounts receivable, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables, which is recorded as an allowance for credit losses. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTOCI are recognized in other comprehensive income (loss). The does not have any FVTOCI financial assets.

Derecognition

A financial asset or, where applicable a part of a financial asset or part of a group of similar financial assets is derecognized when:

(i) The contractual rights to receive cash flows from the asset have expired; or
(ii) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable.

k) New accounting standards and interpretations to be adopted

Amendments to *IAS 37 Provisions, Contingent Liabilities and Contingent Assets,* specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). These amendments are effective for reporting periods beginning on or after January 1, 2022.

Amendments to IAS 1 *Presentation of Financial Statements,* provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2023.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

Significant accounting estimates

Valuation of convertible debentures

The Company has convertible debentures which are compound instruments consisting of the host debt component and the derivative liability, which is an area of significant estimation uncertainty. The determination of fair value requires significant assumptions and estimates. Management applied judgment and determined that it is unable to measure the embedded derivative liability reliably, and have designated the entire hybrid contract as at fair value through profit or loss as permitted by IFRS 9. Given the short-term maturity of the convertible debentures, the fair value of the debentures were estimated to approximate their face value.

Significant accounting judgements

Going concern presentation

Management has determined that the going concern presentation of the financial statements, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due, as discussed in note 1, is appropriate.

Functional currency

Determination of functional currency involves certain judgments regarding the primary economic environment that the Company operates in. The Company reconsiders the functional currency of the group if there is a change in events and conditions, which contributed to the initial assessment of the primary economic environment.

Accounting for reverse takeover

The determination of the acquirer in the acquisition of Fresh Start by the Company requires significant judgment assessing the relative voting rights, composition of the governing body, and composition of senior management of the combined entity, amongst other factors. The Company concluded Fresh Start to be the acquirer, and its acquisition of all of the outstanding shares of the Company has been determined to be an asset acquisition as the Company does not meet the definition of a business under IFRS 3, Business Combinations. As a result, the transaction has been accounted for as a reverse takeover by Fresh Start of the Company’s net assets in accordance with the guidance under IFRS 2, Share-based Payment. The Company based its judgments on current facts and various other factors that it believes to be reasonable under the circumstances.

(Expressed in United States dollars, except where noted)

5. REVERSE TAKEOVER TRANSACTION

Upon the closing of the Transaction on July 13, 2021, outlined in note 1, the following occurred:

- each Fresh Start Beverage Company shares ("Company Share") issued and outstanding immediately prior to the Effective Date was exchanged by each holder thereof for non-assessable Mylk Brands common share ("Resulting Issuer Common Share") such that an aggregate of 18,939,394 Resulting Issuer Common Shares were issued pro rata to the Company shareholders;
- each Company Share exchanged for fully paid and non-assessable Resulting Issuer Common Shares in accordance with above, were cancelled;
- each common share of Merger Co issued and outstanding immediately prior to the Effective Date were exchanged for one (1) share of common stock of the amalgamated entity ("Surviving Co"); and
- Surviving Co became a wholly-owned subsidiary of Mylk Brands.

As a result of the Transaction, Fresh Start obtained control of the Company and is considered to have acquired the Company. The Transaction constituted a reverse takeover acquisition ("RTO") of the Company by Fresh Start and has been accounted for as a reverse acquisition transaction in accordance with the guidance provided in IFRS 2 *Share-based Payments*, and IFRS 3 *Business Combinations*. As the Company did not qualify as a business in accordance with the definition of IFRS 3, as the significant inputs, processes, and outputs that together constitute a business did not exist in the Company at the time of acquisition, the RTO does not constitute a business combination. Rather, it is treated as an issuance of common shares by Fresh Start for the net assets of the Company, with Fresh Start as the continuing entity. Accordingly, no goodwill or intangible assets were recorded with respect to the Transaction.

For accounting purposes, Fresh Start is treated as the accounting parent (legal subsidiary) and Mylk Brands as the accounting subsidiary (legal parent). The fair value of the consideration paid by Fresh Start, net of transaction costs, less the fair value of net assets of the Company acquired by the Fresh Start constitutes the acquisition expense and has been recorded in the consolidated statement of loss and comprehensive loss. These financial statements reflect the assets, liabilities, and operations of Fresh Start since its incorporation and the Company from July 13, 2021.

The purchase price has been allocated as follows:

	July 13, 2021
	$
Purchase price:	
Fair value of 15,151,157 shares at $0.022 per share	333,333
Total consideration	**333,333**
Net assets acquired	
Cash	138,869
Loan advanced by Mylk Brands to Fresh Start prior to RTO	148,705
Loan payable	(49,069)
Accounts payable and accrued liabilities	(4,359)
Total net assets	**234,146**
Acquisition expense	**99,187**

The fair value of the 15,151,157 common shares of Fresh Start was determined to be $0.022 per common share, based on the most recent private placement price of Fresh Start.

(Expressed in United States dollars, except where noted)

6. INVENTORY

Inventory consisted primarily of raw materials, packaging and finished goods which were either at the Company's warehouses or held with third party distributors.

	December 31, 2021	December 31, 2020
	$	$
Raw materials	**450**	5,379
Packaging	**3,272**	1,512
Finished goods	**198,443**	189,562
Total	**202,165**	196,453

7. COST OF GOODS SOLD

During the years ended December 31, 2021 and 2020, breakdown of cost of goods sold was as follows:

	December 31, 2021 (audited)	December 31, 2020 (unaudited)
	$	$
Purchases	**108,990**	377,189
Freight and shipping	**74,209**	84,016
Packaging	**19,753**	68,507
Import and duties	**48,930**	41,028
Warehousing	**89,237**	42,049
Distribution	**151,399**	115,370
Other	**14,429**	42,699
Total	**506,947**	**770,858**

8. LOANS PAYABLE

During the year ended December 31, 2020, the Company received total proceeds of $150,000 from the Small Business Administration ("SBA") loan issued by the SBA Treasury. The loan bears interest at 3.75% per annum and is payable on an instalment basis starting in two years from the date of receipt. The entire balance will be payable 30 years from the date of receipt. A continuing security interest was granted as collateral to the SBA loan. As at December 31, 2021, the Company has not made any repayment of the SBA loan.

During the year ended December 31, 2021, the Company received total proceeds of $35,000 from Eat & Beyond Global Holdings Inc. ("Eat & Beyond"). The loans payable are transferable, payable on demand, and bear interest of $10% per annum in the event of default.

During the year ended December 31, 2021, as part of the RTO, the Company acquired a loan with an outstanding balance of $49,069 (C$61,406). The loan bears interest at 10% per annum and is payable upon the completion of a future financing.

	2021 (audited)	2020 (unaudited)
	$	$
Balance, beginning of year	**150,000**	-
Assumed in RTO	**49,069**	-
Issuance of loans payable	**35,000**	150,000
Interest expense	**1,574**	-
Balance, end of year	**235,643**	150,000
Less: Current portion	**(85,643)**	-
Non-current portion	**150,000**	150,000

(Expressed in United States dollars, except where noted)

9. CONVERTIBLE DEBENTURES

During the year ended December 31, 2020, the Company issued convertible debentures to multiple debenture holders for total cash proceeds of $454,500. The convertible debentures are non-transferrable, bear interest of 8% per annum and mature on the last day of the calendar month during which the two-year anniversary of the debts falls. The convertible debentures can be converted into either common or preferred shares at the election of the holders upon occurrence of various future events.

During the year ended December 31, 2021, the following transactions related to convertible debenture occurred:

On May 1, 2021, the outstanding convertible debentures of $454,500 and accrued interest of $41,177 were converted into 20,458,749 series B preferred shares of the Company equal to a price of $0.024 per share.

On September 30, 2021, the Company issued a convertible debenture for cash consideration of $130,147 (C$165,000). The convertible debenture is non-transferrable, bears interest of 15% per annum and matures one year from the date of issuance. The lender has the rights to convert all or any portion of the outstanding amount into fully paid and non-assessable class A common shares. The Company is subject to an additional interest of 2% per annum on any amounts in default. If the Company is listed on a recognized stock exchange within 12 months, the conversion of the debenture shall apply a 30% discount of each share from the listing price at the time of listing.

	2021 (audited)	2020 (unaudited)
	$	$
Balance, beginning of year	**485,420**	-
Issuance of convertible debt	**130,147**	454,500
Interest expense	**15,137**	30,920
Balance converted to shares upon RTO	**(495,677)**	-
Balance, end of year	**135,027**	485,420
Less: Current portion	**(135,027)**	-
Non-current portion	**-**	485,420

10. SHARE CAPITAL

a) Authorized share capital

The total number of shares of capital stock that the Corporation shall have authority to issue is 270,000,000 shares, of which:

- 230,000,000 of Class A Voting Common Stock ("class A common shares"), par value $0.001 per share.
- 20,000,000 Class B Voting Common Stock ("class B common shares"), par value $0.001 per share; which are no longer available as at December 31, 2021.
- 10,000,000 Series A Non-Voting and Non-Redeemable Preferred Stock ("series A preferred shares"), par value $0.001 per share; and convertible at the option of the holder, at any time and subject to restrictions set out in the Company's Articles, into 1,000 class A common shares for each series A preferred share; which are no longer available as at December 31, 2021.
- 10,000,000 Series B Non-Voting and Non-Redeemable Preferred Stock ("series B preferred shares"), par value $0.001 per share; which are no longer available as at December 31, 2021.

b) Issued and outstanding

During the year ended December 31, 2021, the Company had the following transactions:

On March 25, 2021, the Company issued total of 15,516,711 class A common shares at $0.022 per share as compensation for the services of Chief Executive Officer and an employee of the Company, which was included in salaries and wages.

On May 1, 2021, the Company cancelled 4,539,265 class A common shares and returned the subscription amount of $100,000 to the original subscribers.

On May 1, 2021, the Company converted the outstanding convertible debentures and accrued interest with a value of $454,500 and $41,177, respectively, into 20,458,749 series B preferred shares of the (note 9).

On May 5, 2021, the Company issued 8,076,177 class A common shares of the Company pursuant to the conversion of 16,152,353 warrants. Upon the conversion, $316,442 was transferred from reserves to share capital.

On May 5, 2021, the Company issued 700,178 class A common shares of the Company pursuant to the conversion of 1,400,356 stock options. Upon the conversion, $67,539 was transferred from reserves to share capital.

On May 5, 2021, the Company issued total of 14,284,910 class A common shares at $0.022 per share as compensation for the services of Chief Executive Officer and several consultants of the Company. $264,697 was included in salaries and wages and $50,000 was included in legal and professional fees.

On July 13, 2021, pursuant to the closing of the Transaction, the Company issued to the Surviving Co shareholders, pro rata to their respective holdings of Surviving Co shares, 18,939,394 common shares in exchange for all of the issued and outstanding Surviving Co shares. This resulted in Surviving Co becoming a 100% wholly owned subsidiary of the Company (note 5).

During the year ended December 31, 2020, the Company had the following transactions:

A total of 18,246,084 class A common shares were issued at $0.022 per share for gross proceeds of $401,961.

c) Stock option

The Company adopted a stock option plan (the "Plan") to provide an incentive to directors, officers, employees, consultants and other personnel of the Company. The exercise price of a stock option granted under this Plan shall be as determined by the Board of Directors when such stock option is granted and shall not be lower than the greater of the closing market prices of the underlying securities on (a) the trading day prior to the date of grant of the stock options; and (b) the date of grant of the option. All options are subject to vesting limitations which may be imposed by the Board of Directors at the time such stock option is granted. The maximum vesting period is 10 years of the grant date.

(Expressed in United States dollars, except where noted)

As at December 31, 2021 and 2020, the Company had the following stock options outstanding and exercisable:

	Number of stock options	Weighted average exercise price
	#	$
Balance, December 31, 2019 (unaudited)	1,484,377	0.054
Expired	(84,021)	(0.054)
Balance, December 31, 2020 (audited)	1,400,356	0.054
Converted	(1,400,356)	(0.054)
Balance, December 31, 2021 (audited)	**-**	**-**

As at December 31, 2020, the 1,400,356 options outstanding and exercisable had an expiry date of January 31, 2025.

During the year ended December 31, 2021, the Company modified the terms of the options by reducing the number of options outstanding by half and reducing the exercise price to $nil. As a result, 1,400,356 stock options were converted into 700,178 class A common shares. Upon the conversion, $67,539 was transferred from reserves to share capital.

d) Warrants

As at December 31, 2021 and 2020, the Company had the following warrants outstanding and exercisable:

	Number of warrants	Weighted average exercise price
	#	$
Balance, December 31, 2019 (unaudited)	-	-
Issued	16,152,353	0.022
Balance, December 31, 2020 (audited)	16,152,353	0.022
Converted	(16,152,353)	(0.022)
Balance, December 31, 2021 (audited)	**-**	**-**

As at December 31, 2020, 16,152,353 warrants were outstanding and had an expiry date of December 31, 2029.

During the year ended December 31, 2020, 16,152,353 warrants were issued and were valued at $316,442 using the Black-Scholes option pricing model using the following input assumptions:

	December 31, 2020 (unaudited)
Exercise price	$0.022
Risk-free interest rate	0.53% to 0.56%
Estimated life	9 years
Expected volatility (based on comparable peer companies)	100.00%
Expected dividend yield	0.00%

During the year ended December 31, 2021, the Company modified the terms of the warrants by reducing the number of warrants outstanding by half and reducing the exercise price to $nil. As a result, 16,152,353 were converted into 8,076,177 class A common shares. Upon the conversion, $316,442 was transferred from reserves to share capital.

11. RELATED PARTIES TRANSACTIONS

The Company's related parties consist of key management personnel and companies owned directly or indirectly by key management personnel. Key management personnel include persons having the authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Board of Directors and corporate officers.

As at December 31, 2021, the Company has amount due to Chief Executive Officer ("CEO") of $33,009 (December 31, 2020 - $nil) included in accounts payable and accrued liabilities. This amount is unsecured, non-interest bearing and has no fixed term of repayment.

(Expressed in United States dollars, except where noted)

During the years ended December 31, 2021 and 2020, remuneration of the CEO was as follows:

	2021 (audited)	2020 (unaudited)
	$	$
Share-based compensation	**-**	289,012
Salaries and wages	**626,672**	192,175
Total	**626,672**	481,187

12. INCOME TAX

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2021 (audited)	2020 (unaudited)
	$	$
Loss for the year before income taxes	**(1,394,417)**	(1,388,975)
Expected income tax (recovery)	**(376,000)**	(375,000)
Non-deductible expenditures	**26,000**	85,000
Change in statutory, foreign tax, foreign exchange rates and other	**10,000**	-
Change in unrecognized deferred tax assets	**340,000**	290,000
Current income tax	**-**	-
Deferred tax (recovery)	**-**	-

The significant components of the Company's deferred tax assets and liabilities As at December 31, 2021 and 2020 are as follows:

	December 31, 2021	December 31, 2020
	$	$
Non-capital losses and net operating losses	**1,187,000**	847,000
Net deferred tax asset	**1,187,000**	847,000

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the statement of financial position are as follows:

	December 31, 2021	**Expiry date range**	December 31, 2020	Expiry date range
	$		$	
Non-capital losses	**34,561**	**2041**	-	-
Net operating losses	**4,363,575**	**indefinite**	3,138,488	Indefinite

13. FINANCIAL INSTRUMENTS AND RISKS

Fair value hierarchy

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs for the asset or liability that are not based on observable market data.

Convertible debentures are classified under Level 1 as of December 31, 2021 and 2020.

The fair values of financial instruments, which include cash, accounts receivable, accounts payable and accrued liabilities, loans payable – current portion and convertible debentures – current portion, approximate their carrying values due to the relatively short-term maturity of these instruments.

Credit risk

Credit risk arises from cash held with banks and financial institutions. Accounts receivable is not exposed to credit risk as it was collected shortly after the year-end. The maximum exposure to credit risk is equal to the carrying value of cash on the consolidated statements of financial position. The Company seeks to limit its exposure to this risk by holding its cash in large financial institutions. The Company actively monitors the collectability of its accounts receivable by customer on a periodic basis. During the year ended December 31, 2021, the Company recorded a bad debt expense of $20,500 (2020 (unaudited) - $nil) against the past due receivables.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. As at December 31, 2021, the Company's cash balance of $14,099 (December 31, 2020 - $225,095) will not be sufficient to meet its obligations related to its accounts payable and accrued liabilities balance of $273,871 (December 31, 2020 - $158,814), loans payable - current of $85,643 (December 31, 2020 - $nil), convertible debenture balance of $135,027 (December 31, 2020 - $nil) and required expenditures on operational activities over the next twelve months. Therefore, the Company is exposed to liquidity risk and will be required to raise additional capital in the future to fund its operations.

Contractual undiscounted cash flow requirements as at December 31, 2021 were as follows:

	< 1 year	**1 - 2 years**	**2 - 5 years**	**>5 years**	**Total**
	$	$	$	$	**$**
Accounts payable and accrued liabilities	273,871	-	-	-	**273,871**
Loans payable*	91,874	9,314	27,942	214,606	**343,736**
Convertible debentures*	139,914	-	-	-	**139,914**
Total	**505,659**	**9,314**	**27,942**	**214,606**	**757,521**

* Interest accrual is ceased upon settlement of certain loans through subsequent share issuances (note 16).

Market risk

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

a) 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 manages its interest rate risk by maximizing the interest earned on excess funds while maintaining the liquidity necessary to fund daily operations. The Company is not exposed to significant interest rate risk as the loans payable and convertible debentures are at fixed rates.

b) Foreign currency risk

The Company is exposed to foreign currency risk, as certain monetary financial instruments are denominated in Canadian dollar. The carrying amounts of the Company's foreign currency denominated monetary assets (liabilities) are as follows:

(Expressed in United States dollars, except where noted)

	December 31, 2021	December 31, 2021
	C$	**$**
Cash	**6,520**	**5,143**
Accounts payable and accrued liabilities	**(9,201)**	**(7,258)**
Loans payable	**(109,488)**	**(85,643)**
Convertible debentures	**(171,188)**	**(135,027)**
Net financial assets	**(283,357)**	**(222,785)**

There were no Canadian denominated financial instruments as at December 31, 2020.

The Company has not entered any foreign currency contracts to mitigate this risk. A 10% increase or decrease in the Canadian dollars exchange rates would result in net impact of approximately $22,000 to the Company's other comprehensive loss for the year ended December 31, 2021.

14. CAPITAL MANAGEMENT

The Company manages its capital with the objectives of maintaining its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash, debt in terms of loans payable and convertible debentures and equity comprised of issued share capital.

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

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged since incorporation.

15. SEGMENTED INFORMATION

The Company operates primarily in one business segment, which is the plant-based food industry. The Company's distribution and sale of products are to customers located in the United States. As at December 31, 2021, the Company's inventory was $202,165 (December 31, 2020 - $196,453), which was located in the United States.

16. SUBSEQUENT EVENTS

On January 24, 2022, the Company entered into a definitive arrangement agreement (the "Arrangement") pursuant to which all of the Company's issued and outstanding common shares will be acquired by Eat & Beyond, an investment issuer focused on the global plant-based and alternative protein sector, by way of a court approved plan of arrangement for total consideration of approximately C$11,500,000 in common shares of Eat & Beyond at a deemed price of C$0.52 (the "Eat & Beyond Transaction").

Under the terms of the Arrangement, the Company will distribute the Eat & Beyond shares pro-rata to the shareholders of the Company in accordance with their share ownership of the Company based on the Company's number common shares outstanding immediately prior to the closing of the Eat & Beyond Transaction.

After giving effect to the Eat & Beyond Transaction, and assuming the Company's number of issued and outstanding shares remains unchanged until closing of the Eat & Beyond Transaction, the Company's shareholders will hold approximately 39% ownership in the pro-forma company. The Eat & Beyond Transaction was completed on April 1, 2022.

On January 12, 2022 and May 6, 2022, the Company received total loan proceeds of $200,000 from Eat & Beyond. The loan payable is transferable, payable on demand, and bear interest of $10% per annum in the event of default.

On March 29, 2022, the Company issued a total of 700,848 class A common shares to settle a convertible debenture and a promissory note.

SCHEDULE B

UNAUDITED INTERIM FINANCIAL STATEMENTS OF MYLK BRANDS INC.

[See attached]

Mylk Brands Inc.

Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2022 and 2021

(Unaudited - Expressed in United States dollars)

Notice of Disclosure of Non-auditor Review of the Condensed Interim Consolidated Financial Statements for the three months ended March 31, 2022 and 2021.

Pursuant to subsection 4.3(3)(a) of National Instrument 51-102 - Continuous Disclosure Obligations, issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of Mylk Brands Inc. ("the Company") for the interim period ended March 31, 2022, and 2021 have been prepared in accordance with the International Accounting Standard 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board and are the responsibility of the Company's management.

The Company's independent auditors, Crowe Mackay LLP, have not performed a review of these condensed interim consolidated financial statements.

July 8, 2022

Mylk Brands Inc.
Condensed Interim Consolidated Statements of Financial Position
As at March 31, 2022 and December 31, 2021
(Unaudited - Expressed in United States dollars)

	Note	**March 31, 2022**	December 31, 2021
		$	$
Assets			
Current assets			
Cash		**39,090**	14,099
Accounts receivable		**23,076**	46,247
Inventory	5	**156,833**	202,165
Total assets		**218,999**	262,511
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	10	**360,696**	273,871
Unearned revenue		**52,200**	-
Loans payable - current portion	7	**136,919**	85,643
Convertible debentures	8	**-**	135,027
		549,815	494,541
Loans payable	7	**150,000**	150,000
Total liabilities		**699,815**	644,541
Shareholders' deficit			
Share capital	9	**4,739,627**	4,537,718
Contributed surplus	9	**3,359**	3,359
Accumulated other comprehensive loss		**(1,920)**	(467)
Deficit		**(5,221,882)**	(4,922,640)
Total shareholders' deficit		**(480,816)**	(382,030)
Total liabilities and shareholders' deficit		**218,999**	262,511

Nature of operations and going concern (Note 1)
Subsequent event (Note 14)

These consolidated financial statements are approved and authorized for issuance on behalf the Board of Directors on July 8, 2022.

/s/ "*Steven Gelerman*"
Director

/s/ "*Daniel Greenwald*"
Director

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

(Unaudited - Expressed in United States dollars, except number of shares)

	Note	2022	2021
		$	$
Revenue		**99,095**	141,307
Cost of goods sold	6	**(243,732)**	(107,636)
Gross (loss) profit		**(144,637)**	33,671
Operating expenses			
General and administrative expense		**19,511**	20,734
Legal and professional fees		**3,966**	17,233
Marketing		**40,988**	60,969
Salaries and wages	10	**73,378**	-
Operating loss		**(282,480)**	(65,265)
Other expenses			
Interest expense	7, 8	**16,762**	-
		16,762	-
Net loss for the period		**(299,242)**	(65,265)
Other comprehensive loss			
Currency translation adjustment		**(1,453)**	-
Net loss and comprehensive loss for the period		**(300,695)**	(65,265)
Net loss per share			
Basic and diluted			
Common A		**(0.01)**	(0.01)
Common B		**(0.01)**	(0.01)
Weighted average number of common shares outstanding			
Basic and diluted			
Common A		**34,114,273**	7,728,228
Common B		**-**	875,637

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

Mylk Brands Inc.
Condensed Interim Consolidated Statements of Cash Flows
For the three months ended March 31, 2022 and 2021
(Unaudited - Expressed in United States dollars)

	2022	2021
	$	$
Operating activities		
Net loss for the period	**(299,242)**	(65,265)
Items not affecting cash:		
Interest expense	**16,762**	-
Changes in non-cash working capital:		
Accounts receivable	**23,171**	(45,223)
Prepaid expenses	**45,332**	(26,768)
Inventory	**86,825**	79,409
Accounts payable and accrued liabilities	**52,200**	-
Net cash used in operating activities	**(74,952)**	(57,847)
Financing activities		
Refund on cancellation of shares subscription	**-**	(100,000)
Proceeds from loan	**100,000**	-
Net cash provided by (used in) financing activities	**100,000**	(100,000)
Effect of foreign exchange on cash	**(57)**	-
Net change in cash	**25,048**	(157,847)
Cash, beginning of the period	**14,099**	225,095
Cash, end of the period	**39,090**	67,248
Supplemental disclosure of non-cash transactions:		
Shares issued on conversion of convertible debentures and accrued interest	**150,180**	-
Shares issued on conversion of promissory note and accrued interest	**51,729**	-
Amount paid for income taxes	**-**	-
Amount paid for interest	**-**	-

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

Mylk Brands Inc.
Condensed Interim Consolidated Statements of Changes in Shareholders' Deficit
For the three months ended March 31, 2022 and 2021
(Unaudited - Expressed in United States dollars, except number of shares)

	Common A	Common B	Preferred A	Preferred B						
	Share number	**Share number**	**Share number**	**Share number**	**Share capital**	**Contributed surplus**	**Reserves**	**Accumulated other comprehensive loss**	**Deficit**	**Total shareholders' deficit**
	#	#	#	#	$	$	$	$	$	$
Balance, December 31, 2020	95,709,818	12,739,121	57,484	-	2,768,197	3,359	383,981	-	(3,528,223)	(372,686)
Issuance of shares on private placement, net of share issue cost (unaudited)	15,516,711	-	-	-	341,833	-	-	-	-	341,833
Net loss for the period	-	-	-	-	-	-	-	-	(65,265)	(65,265)
Balance, March 31, 2021	**111,226,529**	**12,739,121**	**57,484**	**-**	**3,110,030**	**3,359**	**383,981**	**-**	**(3,593,488)**	**(96,118)**
Shares issued for salaries and services	14,284,910	-	-	-	314,697	-	-	-	-	314,697
Cancellation of common A shares	(4,539,265)	-	-	-	(100,000)	-	-	-	-	(100,000)
Conversion of convertible debentures to Preferred B shares	-	-	-	20,458,749	495,677	-	-	-	-	495,677
Conversion of warrants to Common A shares	8,076,177	-	-	-	316,442	-	(316,442)	-	-	-
Conversion of stock options to Common A shares	700,178	-	-	-	67,539	-	(67,539)	-	-	-
Removal of shares due to acquisition	(129,748,529)	(12,739,121)	(57,484)	(20,458,749)	-	-	-	-	-	-
Consideration shares issued for acquisition of Fresh Start Beverage Company	18,939,394	-	-	-	-	-	-	-	-	-
Share capital of Fresh Start Beverage Company on RTO	15,151,517	-	-	-	333,333	-	-	-	-	333,333
Currency translation adjustment	-	-	-	-	-	-	-	(467)	-	(467)
Net loss for the period	-	-	-	-	-	-	-	-	(1,329,152)	(1,329,152)
Balance, December 31, 2021	**34,090,911**	**-**	**-**	**-**	**4,537,718**	**3,359**	**-**	**(467)**	**(4,922,640)**	**(382,030)**
Conversion of convertible debentures to common shares	521,291	-	-	-	150,180	-	-	-	-	150,180
Conversion of promissory note to common shares	179,557	-	-	-	51,729	-	-	-	-	51,729
Currency translation adjustment	-	-	-	-	-	-	-	(1,453)	-	(1,453)
Net loss for the period	-	-	-	-	-	-	-	-	(299,242)	(299,242)
Balance, March 31, 2022	**34,791,759**	**-**	**-**	**-**	**4,739,627**	**3,359**	**-**	**(1,920)**	**(5,221,882)**	**(480,816)**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Mylk Brands Inc. (the "Company" or "Mylk Brands") was incorporated pursuant to the Business Corporations Act of British Columbia on March 22, 2021. The Company is an emerging plant-based food technology company that designs, develops, distributes, and sells plant-based, non-dairy banana beverage. To date, the Company has developed a core product line under the Banana Wave brand. The Company's head and registered and records office is located at Suite 1500, 1055 West Georgia St, Vancouver, BC, V6E 4N7.

Reverse takeover

On July 13 , 2021, the Company's wholly-owned subsidiary BCCO Merger Co, Inc. ("Merger Co") and Fresh Start Beverage Company ("Fresh Start") completed a business combination transaction (the "Transaction") pursuant to an amalgamation agreement dated April 30, 2021 between the Company, Merger Co and Fresh Start whereby: (i) the Company acquired all of the issued and outstanding securities of Fresh Start pursuant to a three-cornered amalgamation; and (ii) Merger Co amalgamated with Fresh Start to form the amalgamated wholly-owned subsidiary of the Company, Fresh Start Beverage Company.

Effective July 13, 2021 ("Effective Date"), the Transaction closed whereby the Company issued to Fresh Start shareholders, pro rata to their respective holdings of Fresh Start shares, 18,939,394 common shares in exchange for all of the issued and outstanding shares of Fresh Start.

Management determined that the Transaction constituted a reverse acquisition for accounting purposes whereby Fresh Start acquired the Company. For accounting purposes, Fresh Start is treated as the accounting acquirer, and Mylk Brands (legal parent) is treated as the accounting acquiree in these consolidated financial statements. As Fresh Start was deemed to be the acquirer for accounting purposes, its assets, liabilities, and operations since incorporation are included in these consolidated financial statements at their historical carrying values. The Company's results of operations are included from the transaction date, July 13, 2021. The comparative figures are those of Fresh Start prior to the Transaction.

Going concern

The condensed interim consolidated financial statements for the three months ended March 31, 2022 and 2021 (the "financial statements") have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has generated gross loss of $144,637 (2021 - gross profit of $33,671) from operations and incurred a net loss of $299,242, during the three months ended March 31, 2022 (2021 - $65,265). As at March 31, 2022, the Company has an accumulated deficit of $5,221,882 (2021 - $4,922,640).

The Company expects to incur further losses in the development of its business and has significant capital projects planned. The continued operations of the Company are dependent on management's ability to manage costs, raise additional equity or debt, and on future profitable operations. 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. Furthermore, there can be no assurances that the Company will be able to raise funds through future debt or equity issuances. As a result of these conditions, management has concluded, in making its going concern assessment, that there are material uncertainties related to events and conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Company in future periods.

On February 24, 2022, Russian troops started to invade Ukraine. In response to this military action, various countries, including Canada, issued broad-ranging economic sanctions against Russia. The ramifications of the sanctions may not be limited to Russia and Ukraine and may spill over to and negatively impact other regional and global economic markets, sectors, industries and markets for securities and commodities globally. The current circumstances are dynamic and the duration of the conflict and related impact of imposed sanctions on the business cannot be reasonably estimated at this time. While the Company expects any direct impacts of the conflict in Ukraine to the business to be limited, the direct impacts on the economy may negatively affect the business and future operations.

2. BASIS OF PRESENTATION

Statement of compliance

These financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting,* using the principles of International Financial Reporting Standards as issued by the International Accounting Standards Board and the interpretations of the International Financial Reporting Interpretations Committee. These financial statements do not include all disclosures required for unaudited condensed interim financial statements. Accordingly, they should be read in conjunction with the notes to the Company's audited annual consolidated financial statements for the years ended December 31, 2021 ("annual financial statements"), which include the information necessary or useful to understanding the Company's business and financial statement presentation. In particular, the Company's use of judgements and estimates and significant accounting policies were presented in note 3 of the annual financial statements and have been consistently applied in the preparation of these financial statements.

These financial statements were prepared using accounting policies consistent with those in the annual financial statements.

These financial statements were approved by the Board of Directors and authorized for issue on July 8, 2022.

Basis of presentation

The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

The financial statements are presented in United States dollars ("US dollars"), except as otherwise noted. The functional currency is the currency of the primary economic environment in which an entity operates. The functional currency of the Company is the Canadian dollars ("C$"). The functional currency of the Company's wholly owned subsidiary is as follow:

		Percentage ownership			
Name of subsidiary	**Country of incorporation**	**2022**	2021	**Functional currency**	**Principal activity**
Fresh Start Beverage Company	United States	**100%**	100%	US dollar	Operations

Basis of consolidation

These financial statements include the financial information of the Company and its wholly owned subsidiaries, Fresh Start Beverage Company. All intercompany transactions and balances are eliminated on consolidation. Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. A subsidiary is included in the financial statements from the date control commences until the date control ceases.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

Significant accounting estimates

Valuation of convertible debentures

The Company has convertible debentures which are compound instruments consisting of the host debt component and the derivative liability, which is an area of significant estimation uncertainty. The determination of fair value requires significant assumptions and estimates. Management applied judgment and determined that it is unable to measure the embedded derivative liability reliably and have designated the entire hybrid contract as at fair value through profit or loss as permitted by IFRS 9. Given the short-term maturity of the convertible debentures, the fair value of the debentures was estimated to approximate their face value.

Significant accounting judgements

Going concern presentation

Management has determined that the going concern presentation of the financial statements, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due, as discussed in note 1, is appropriate.

Functional currency

Determination of functional currency involves certain judgments regarding the primary economic environment that the Company operates in. The Company reconsiders the functional currency of the group if there is a change in events and conditions, which contributed to the initial assessment of the primary economic environment.

Accounting for reverse takeover

The determination of the acquirer in the acquisition of Fresh Start by the Company requires significant judgment assessing the relative voting rights, composition of the governing body, and composition of senior management of the combined entity, amongst other factors. The Company concluded Fresh Start to be the acquirer, and its acquisition of all of the outstanding shares of the Company has been determined to be an asset acquisition as the Company does not meet the definition of a business under IFRS 3, Business Combinations. As a result, the transaction has been accounted for as a reverse takeover by Fresh Start of the Company's net assets in accordance with the guidance under IFRS 2, Share-based Payment. The Company based its judgments on current facts and various other factors that it believes to be reasonable under the circumstances.

4. REVERSE TAKEOVER TRANSACTION

Upon the closing of the Transaction on July 13, 2021, outlined in note 1, the following occurred:

- each Fresh Start Beverage Company shares ("Company Share") issued and outstanding immediately prior to the Effective Date was exchanged by each holder thereof for non-assessable Mylk Brands common share ("Resulting Issuer Common Share") such that an aggregate of 18,939,394 Resulting Issuer Common Shares were issued pro rata to the Company shareholders;
- each Company Share exchanged for fully paid and non-assessable Resulting Issuer Common Shares in accordance with above, were cancelled;
- each common share of Merger Co issued and outstanding immediately prior to the Effective Date were exchanged for one (1) share of common stock of the amalgamated entity ("Surviving Co"); and
- Surviving Co became a wholly-owned subsidiary of Mylk Brands.

As a result of the Transaction, Fresh Start obtained control of the Company and is considered to have acquired the Company. The Transaction constituted a reverse takeover acquisition ("RTO") of the Company by Fresh Start and has been accounted for as a reverse acquisition transaction in accordance with the guidance provided in IFRS 2 *Share-based Payments*, and IFRS 3 *Business Combinations*. As the Company did not qualify as a business in accordance with the definition of IFRS 3, as the significant inputs, processes, and outputs that together constitute a business did not exist in the Company at the time of acquisition, the RTO does not constitute a business combination. Rather, it is treated as an issuance of common shares by Fresh Start for the net assets of the Company, with Fresh Start as the continuing entity. Accordingly, no goodwill or intangible assets were recorded with respect to the Transaction.

(Unaudited - Expressed in United States dollars, except where noted)

For accounting purposes, Fresh Start is treated as the accounting parent (legal subsidiary) and Mylk Brands as the accounting subsidiary (legal parent). The fair value of the consideration paid by Fresh Start, net of transaction costs, less the fair value of net assets of the Company acquired by the Fresh Start constitutes the acquisition expense and has been recorded in the consolidated statement of loss and comprehensive loss. These financial statements reflect the assets, liabilities, and operations of Fresh Start since its incorporation and the Company from July 13, 2021.

The purchase price has been allocated as follows:

	July 13, 2021
	$
Purchase price:	
Fair value of 15,151,157 shares at $0.022 per share	333,333
Total consideration	**333,333**
Net assets acquired	
Cash	138,869
Loan advanced by Mylk Brands to Fresh Start prior to RTO	148,705
Loan payable	(49,069)
Accounts payable and accrued liabilities	(4,359)
Total net assets	**234,146**
Acquisition expense	**99,187**

The fair value of the 15,151,157 common shares of Fresh Start was determined to be $0.022 per common share, based on the most recent private placement price of Fresh Start.

5. INVENTORY

Inventory consisted primarily of raw materials, packaging and finished goods which were either at the Company's warehouses or held with third party distributors.

	March 31, 2022	December 31, 2021
	$	$
Raw materials	**400**	450
Packaging	**3,272**	3,272
Finished goods	**153,161**	198,443
Total	**156,833**	202,165

6. COST OF GOODS SOLD

During the three months ended March 31, 2022 and 2021, breakdown of cost of goods sold was as follows:

	2022	2021
	$	$
Purchases	**68,914**	16,398
Freight and shipping	**22,839**	15,252
Distribution	**45,177**	44,329
Packaging	**-**	9,190
Import and duties	**20,184**	6,977
Warehousing	**58,272**	9,485
Other	**28,346**	6,005
Total	**243,732**	107,636

7. LOANS PAYABLE

During the year ended December 31, 2021, the Company received total proceeds of $150,000 from the Small Business Administration ("SBA") loan issued by the SBA Treasury. The loan bears interest at 3.75% per annum and is payable on an instalment basis starting in two years from the date of receipt. The entire balance will be payable 30 years from the date of receipt. A continuing security interest was granted as collateral to the SBA loan. As at March 31, 2022, the Company has not made any repayment of the SBA loan.

(Unaudited - Expressed in United States dollars, except where noted)

During the three months ended March 31, 2022, the Company received total proceeds of $100,000 from Eat & Beyond Global Holdings Inc. ("Eat & Beyond"). The loans payable are transferable, payable on demand, and bear interest of $10% per annum in the event of default. As at March 31, 2022, the Company has not made any repayment of this loan.

During the year ended December 31, 2021, as part of the RTO, the Company acquired a loan with an outstanding balance of $49,069 (C$61,406). The loan bears interest at 10% per annum and is payable upon the completion of a future financing. The Company issued 179,557 class A common shares at a price of $0.288 (C$0.360) per share to settle the loan principal and accrued interest of $51,729 (C$64,206) on March 29, 2022.

	Three months ended March 31, 2022	Year ended December 31, 2021
	$	$
Balance, beginning of period	**235,643**	150,000
Assumed in RTO	**-**	49,069
Issuance of loans payable	**100,000**	35,000
Interest expense	**1,954**	1,574
Balance converted to shares	**(51,729)**	-
Currency translation adjustment	**1,051**	-
Balance, end of period	**286,919**	235,643
Less: Current portion	**(136,919)**	(85,643)
Non-current portion	**150,000**	150,000

8. CONVERTIBLE DEBENTURES

During the year ended December 31, 2021, the Company issued convertible debentures to multiple debenture holders for total cash proceeds of $454,500. The convertible debentures are non-transferrable, bear interest of 8% per annum and mature on the last day of the calendar month during which the two-year anniversary of the debts falls. The convertible debentures can be converted into either common or preferred shares at the election of the holders upon occurrence of various future events.

During the year ended December 31, 2021, the following transactions related to convertible debenture occurred:

On May 1, 2021, the outstanding convertible debentures of $454,500 and accrued interest of $41,177 were converted into 20,458,749 series B preferred shares of the Company equal to a price of $0.024 per share.

During the year ended December 31, 2021, the Company issued a convertible debenture for cash consideration of $130,147 (C$165,000). The convertible debenture is non-transferrable, bears interest of 15% per annum and matures one year from the date of issuance. The lender has the rights to convert all or any portion of the outstanding amount into fully paid and non-assessable class A common shares. The Company is subject to an additional interest of 2% per annum on any amounts in default. If the Company is listed on a recognized stock exchange within 12 months from the issuance date, the conversion of the debenture shall apply a 30% discount of each share from the listing price at the time of listing.

During the three months ended March 31, 2022, the convertible debenture and accrued interest of $150,180 were converted into 521,291 class A common shares at the price of $0.288 (C$0.360) per share.

	Three months ended March 31, 2022	Year ended December 31, 2021
	$	$
Balance, beginning of period	**135,027**	485,420
Issuance of convertible debt	**-**	130,147
Interest expense	**14,808**	15,137
Balance converted to shares upon RTO	**(150,180)**	(495,677)
Currency translation adjustment	**345**	-
Balance, end of period	**-**	135,027

(Unaudited - Expressed in United States dollars, except where noted)

9. SHARE CAPITAL

Authorized share capital

The total number of shares of capital stock that the Corporation shall have authority to issue is 270,000,000 shares, of which:

- 230,000,000 of Class A Voting Common Stock ("class A common shares"), par value $0.001 per share.
- 20,000,000 Class B Voting Common Stock ("class B common shares"), par value $0.001 per share; which are no longer available as at December 31, 2021.
- 10,000,000 Series A Non-Voting and Non-Redeemable Preferred Stock ("series A preferred shares"), par value $0.001 per share; and convertible at the option of the holder, at any time and subject to restrictions set out in the Company's Articles, into 1,000 class A common shares for each series A preferred share; which are no longer available as at December 31, 2021.
- 10,000,000 Series B Non-Voting and Non-Redeemable Preferred Stock ("series B preferred shares"), par value $0.001 per share; which are no longer available as at December 31, 2021.

Issued and outstanding

During the three months ended March 31, 2022, the Company issued a total of 700,848 class A common shares to settle a convertible debenture and a promissory note at the price of $0.288 (C$0.36) per share (note 7, 8).

Stock option

The Company adopted a stock option plan (the "Plan") to provide an incentive to directors, officers, employees, consultants and other personnel of the Company. The exercise price of a stock option granted under this Plan shall be as determined by the Board of Directors when such stock option is granted and shall not be lower than the greater of the closing market prices of the underlying securities on (a) the trading day prior to the date of grant of the stock options; and (b) the date of grant of the option. All options are subject to vesting limitations which may be imposed by the Board of Directors at the time such stock option is granted. The maximum vesting period is 10 years of the grant date.

As at March 31, 2022, the Company had the following stock options outstanding and exercisable:

	Number of stock options	Weighted average exercise price
	#	$
Balance, December 31, 2020	1,484,377	0.054
Expired	(84,021)	(0.054)
Converted	(1,400,356)	(0.054)
Balance, March 31, 2022 and December 31, 2021	**-**	**-**

During the year ended December 31, 2021, the Company modified the terms of the options by reducing the number of options outstanding by half and reducing the exercise price to $nil. As a result, 1,400,356 stock options were converted into 700,178 class A common shares. Upon the conversion, $67,539 was transferred from reserves to share capital.

During the three months ended March 31, 2022, the Company did not issue new stock options.

Warrants

As at March 31, 2022, the Company had the following warrants outstanding and exercisable:

	Number of warrants	Weighted average exercise price
	#	$
Balance, December 31, 2020	16,152,353	0.022
Converted	(16,152,353)	(0.022)
Balance, March 31, 2022 and December 31, 2021	**-**	**-**

During the year ended December 31, 2021, the Company modified the terms of the warrants by reducing the number of warrants outstanding by half and reducing the exercise price to $nil. As a result, 16,152,353 were converted into 8,076,177 class A common shares. Upon the conversion, $316,442 was transferred from reserves to share capital.

During the three months ended March 31, 2022, the Company did not issue new warrants.

10. RELATED PARTIES TRANSACTIONS

The Company's related parties consist of key management personnel and companies owned directly or indirectly by key management personnel. Key management personnel include persons having the authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Board of Directors and corporate officers.

As at March 31, 2022, the Company has amount due to Chief Executive Officer ("CEO") of $49,676 (December 31, 2021 - $33,009) included in accounts payable and accrued liabilities. This amount is unsecured, non-interest bearing and has no fixed term of repayment.

During the three months ended March 31, 2022 and 2021, remuneration of the CEO was $50,000 and $nil, respectively.

11. FINANCIAL INSTRUMENTS AND RISKS

Fair value hierarchy

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs for the asset or liability that are not based on observable market data.

Convertible debentures are classified under Level 1 as of March 31, 2022 and 2021.

The fair values of financial instruments, which include cash, accounts receivable, accounts payable and accrued liabilities, loans payable – current portion and convertible debentures – current portion, approximate their carrying values due to the relatively short-term maturity of these instruments.

Credit risk

Credit risk arises from cash held with banks and financial institutions. Accounts receivable is not exposed to credit risk as it was collected shortly after the year-end. The maximum exposure to credit risk is equal to the carrying value of cash on the consolidated statements of financial position. The Company seeks to limit its exposure to this risk by holding its cash in large financial institutions. The Company actively monitors the collectability of its accounts receivable by customer on a periodic basis.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. As at March 31, 2022, the Company's cash balance of $39,090 (2021 - $14,099) will not be sufficient to meet its obligations related to its accounts payable and accrued liabilities balance of $360,696 (2021 - $273,871), loans payable - current of $136,919 (December 31, 2021 - $85,643), and required expenditures on operational activities over the next twelve months. Therefore, the Company is exposed to liquidity risk and will be required to raise additional capital in the future to fund its operations.

Contractual undiscounted cash flow requirements as at March 31, 2022 were as follows:

	< 1 year	**1 - 2 years**	**2 - 5 years**	**>5 years**	**Total**
	$	$	$	$	**$**
Accounts payable and accrued liabilities	360,696	-	-	-	**360,696**
Loans payable	140,045	9,314	27,942	214,606	**391,907**
Total	500,741	9,314	27,942	214,606	**752,603**

* Interest accrual is ceased upon settlement of certain loans through share issuances (note 7, 8).

Market risk

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

a) 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 manages its interest rate risk by maximizing the interest earned on excess funds while maintaining the liquidity necessary to fund daily operations. The Company is not exposed to significant interest rate risk as the loans payable and convertible debentures are at fixed rates.

b) Foreign currency risk

The Company is exposed to foreign currency risk, as certain monetary financial instruments are denominated in Canadian dollar. The carrying amounts of the Company's foreign currency denominated monetary assets (liabilities) are as follows:

	March 31, 2022	December 31, 2021	**March 31, 2022**	December 31, 2021
	C$	C$	**$**	$
Cash	**6,434**	6,520	**5,149**	5,143
Accounts payable and accrued liabilities	**(13,984)**	(9,201)	**(11,191)**	(7,258)
Loans payable	**(174,542)**	(109,488)	**(136,919)**	(85,643)
Convertible debentures	**-**	(171,188)	**-**	(135,027)
Net financial liabilities	**(182,092)**	(283,357)	**(142,961)**	(222,785)

The Company has not entered any foreign currency contracts to mitigate this risk. A 10% increase or decrease in the Canadian dollars exchange rates would result in net impact of approximately $20,000 to the Company's other comprehensive loss for the three months ended March 31, 2022.

12. CAPITAL MANAGEMENT

The Company manages its capital with the objectives of maintaining its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash, debt in terms of loans payable and convertible debentures and equity comprised of issued share capital.

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

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged since incorporation.

13. SEGMENTED INFORMATION

The Company operates primarily in one business segment, which is the plant-based food industry. The Company's distribution and sale of products are to customers located in the United States. As at March 31, 2022, the Company's inventory was $156,833 (December 31, 2021 - $202,165), which was located in the United States.

14. SUBSEQUENT EVENT

On May 6, 2022, the Company received loan proceeds of $100,000 from Eat & Beyond. The loan payable is transferable, payable on demand, and bear interest of $10% per annum in the event of default.