



ZOGLO'S INCREDIBLE FOOD CORP.
(FORMERLY 1258481 BC LTD)

Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2021

(Expressed in Canadian Dollars – Unaudited)

ZOGLO'S INCREDIBLE FOOD CORP.

(FORMERLY 1258481 BC LTD)

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ZOGLO'S INCREDIBLE FOOD CORP.

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NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated 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 consolidated interim financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

The Company's independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditors.

August 30, 2021

ZOGLO'S INCREDIBLE FOOD CORP.
(FORMERLY 1258481 BC LTD)

Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars - Unaudited)

	Notes	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Assets			
Current assets:			
Cash		\$ 291,936	\$ 839,657
Cash held in escrow	5,9	6,750,000	–
Trade and other receivables	6,11(ii)	245,034	10,407
Inventories	7	67,458	86,241
Prepaid expenses		279,411	–
Deferred charges	10(g)	125,066	–
Total current assets		7,758,905	936,305
Non-current assets			
Equipment	8	4,180	–
Total assets		\$ 7,763,085	\$ 936,305
Liabilities and shareholders' equity			
Current liabilities:			
Trade payables and accrued liabilities	11	\$ 421,251	\$ 96,390
Subscription receipts	4,9	6,750,000	–
Total current liabilities		7,171,251	96,390
Shareholders' equity:			
Share capital	4,10	3,391,864	800,064
Subscriptions	10(e)	–	50,000
Reserves	10(f)(g)(h)	1,601,798	–
Accumulated deficit		(4,401,828)	(10,149)
Total shareholders' equity		591,834	839,915
Total liabilities and shareholders' equity		\$ 7,763,085	\$ 936,305

Nature and continuance of business (Note 1)
Reverse takeover (Note 4)
Commitments (Note 12)
Subsequent events (Note 15)

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

ZOGLO'S INCREDIBLE FOOD CORP.
(FORMERLY 1258481 BC LTD)

Condensed Consolidated Interim Statement of Operations and Comprehensive Loss

For the period ended June 30, 2021

(Expressed in Canadian Dollars - Unaudited)

	Notes	Three months ended June 30, 2021	Six months ended June 30, 2021
Sales	11	\$ 42,317	\$ 138,320
Cost of sales	7	42,389	128,630
Gross profit		(72)	9,690
Operating expenses			
Consulting fees	11	\$ 74,963	\$ 117,463
Depreciation	8	530	530
Foreign exchange loss		9,049	13,308
Investor relations		2,198	2,198
Marketing		63,585	103,366
Office and miscellaneous		28,205	38,134
Professional fees (reclassification)		(13,683)	24,302
Rent	11	15,300	24,300
Share-based compensation	4,10(f)(g)(h)	1,250,442	1,476,732
Travel		6,032	7,036
Wages and benefits		72,190	117,318
Total operating expenses		(1,508,811)	(1,924,587)
Net loss before other items		(1,508,883)	(1,914,997)
Other Items:			
Interest income	5	3,511	3,511
Listing expense	4	(295,096)	(2,480,193)
		(291,585)	(2,476,682)
Net loss and comprehensive loss for the period		\$ (1,800,486)	\$ (4,391,679)
Loss per share			
- basic and diluted		\$ (0.02)	\$ (0.06)
Weighted average number of shares outstanding			
- basic and diluted		72,379,121	70,063,536

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

ZOGLO'S INCREDIBLE FOOD CORP.
(FORMERLY 1258481 BC LTD)

Condensed Consolidated Interim Statement of Changes in Equity
(Expressed in Canadian Dollars - Unaudited)

	Note	Share Capital		Reserves	Subscriptions	Special Warrants	Accumulated Deficit	Total equity
		Number of Shares	Amount					
Balance, July 13, 2020 (Date of Incorporation)								
Common shares issued for cash	10	59,000,000	\$ 880,000	\$ -	\$ -	\$ -	\$ -	\$ 880,000
Share issuance cost	10	-	(79,936)	-	-	-	-	(79,936)
Subscriptions received	10(e)	-	-	-	50,000	-	-	50,000
Net loss and comprehensive loss for the period		-	-	-	-	-	(10,149)	(10,149)
Balance, December 31, 2020		59,000,000	800,064	-	50,000	-	(10,149)	839,915
Common shares issued for cash	10	5,000,000	500,000	-	(50,000)	-	-	450,000
Share issuance costs	10	-	(33,200)	-	-	-	-	(33,200)
Recapitalization transaction:								
Zoglo's Incredible Food Inc. shares cancelled in RTO		(64,000,000)	(1,266,864)	-	-	-	-	(1,266,864)
Common shares issued in RTO		64,000,000	1,266,864	-	-	-	-	1,266,864
Common shares and special warrants issued on RTO	4	7,500,000	1,875,000	125,066	-	250,000	-	2,250,066
Warrants issued for consulting services	4,10(g)	-	-	143,958	-	-	-	143,958
Share-based compensation	10	-	-	1,332,774	-	-	-	1,332,774
Special warrants conversion	10(b)(d)	1,000,000	250,000	-	-	(250,000)	-	-
Net loss and comprehensive loss for the period		-	-	-	-	-	(4,391,679)	(4,391,679)
Balance, June 30, 2021		72,500,000	\$ 3,391,864	\$ 1,601,798	-	\$ -	(4,401,828)	\$ 591,834

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

ZOGLO'S INCREDIBLE FOOD CORP.
(FORMERLY 1258481 BC LTD)

Condensed Consolidated Interim Statement of Cash Flows
For the period ended June 30, 2021
(Expressed in Canadian Dollars - Unaudited)

	Notes	Six months ended June 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss and comprehensive loss for the period		\$ (4,391,679)
Items not affecting cash:		
Share-based compensation	10	1,476,732
Listing expense	4	2,027,008
		(887,939)
Changes in non-cash working capital items:		
Trade and other receivables	6,11(ii)	(234,627)
Inventories	7	18,783
Prepaid expenses		(279,411)
Trade payable and accrued liabilities	11	301,893
Net cash used in operating activities		(1,081,301)
CASH FLOWS FROM INVESTING ACTIVITIES		
Equipment	8	(4,180)
Net cash used in investing activities		(4,180)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of subscription receipts		2,905,000
Net cash acquired on reverse takeover	4	3,965,960
Net proceeds from issuance of shares		416,800
Net cash provided by financing activities		7,287,760
Change in cash		6,202,279
Less: Cash held in escrow		(6,750,000)
Cash, beginning of period		839,657
Cash, end of period		\$ 291,936

Supplemental cash flow information:

Significant non-cash transactions for the six months ended June 30, 2021 included a fair value of agents' warrants of \$125,066 recorded in deferred charges (Note 10(g)).

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

ZOGLO'S INCREDIBLE FOOD CORP. (FORMERLY 1258481 BC LTD)

Notes to Condensed Consolidated Interim Financial Statements

For the period ended June 30, 2021

(Expressed in Canadian Dollars - Unaudited)

1. NATURE AND CONTINUANCE OF BUSINESS

Zoglo's Incredible Food Corp. (formerly 1258481 BC Ltd) (the "Company") was incorporated under the laws of the Province of British Columbia on July 23, 2020. On March 29, 2021, the Company changed its name to "Zoglo's Incredible Food Corp." in connection with the closing of a reverse take-over ("RTO") transaction.

On March 23, 2021, the Company completed the RTO transaction with Zoglo's Incredible Food Inc. ("Zoglo") whereby the Company acquired 100% of the issued and outstanding common shares of Zoglo, in exchange for 64,000,000 of common shares of the Company issued to the shareholders of Zoglo (the "Transaction") resulting in Zoglo becoming a wholly owned subsidiary of the Company. Upon completion of the Transaction, the securities holders of Zoglo became shareholders of the combined entity (the "Resulting Issuer") (Note 4).

On April 6, 2021, the Company filed a preliminary non-offering long form prospectus dated March 31, 2021 (the "Preliminary Prospectus") in the Provinces of Ontario and British Columbia to enable the Resulting Issuer to become a "reporting issuer" pursuant to applicable securities legislation. The Company's common shares were approved for listing on the Canadian Securities Exchange ("CSE"), and commenced trading effective July 26, 2021 under the symbol "ZOG".

The Company is a plant-based food company that is in the business of designing, developing, producing, distributing, and selling plant-based meat alternative products.

On July 30, 2021, the Company entered into a non-binding letter of intent ("LOI") with Monday Swiss UK Ltd ("Monday Swiss"), a leading European-based developer and manufacturer of innovative plant-based food alternatives, to acquire 50.5% interest of Monday Swiss (the "Proposed Acquisition") (Note 15(vi)).

The Company's head office and principal address is 361 Connie Crescent, Concord, ON, L4K 5K2. The registered and records office is Suite 1500-1055 West Georgia Street, Vancouver, BC, V6E 4N7.

These financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which assume the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's continuation as a going concern is dependent upon its ability to raise equity capital, to obtain loans from related parties, and to attain profitable operations to generate funds and meet current and future obligations. During the period ended June 30, 2021, the Company reported a net loss of \$4,391,679. As at June 30, 2021, the Company had working capital of \$587,654 (December 31, 2020 - \$839,915). These conditions cast significant doubt on the Company's ability to continue as a going concern.

In March 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which resulted in a series of public health and emergency measures being put in place to combat the spread of the virus. These measures have caused material disruption to businesses in Canada and globally resulting in an economic slowdown. The duration and impact of COVID-19 continues to be unknown 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. To date, the Company has not experienced material changes in operations, however, there is no certainty this will continue going forward.

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Notes to Condensed Consolidated Interim Financial Statements

For the period ended June 30, 2021

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2. BASIS OF PRESENTATION

These condensed consolidated interim financial statements were authorized for issue on August 30, 2021 by the directors of the Company.

Statement of compliance

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

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with those used in the Company's December 31, 2020 audited financial statements. It is therefore recommended that these condensed consolidated interim financial statements be read in conjunction with the Company's December 31, 2020 audited financial statements.

Foreign currencies

These condensed consolidated interim financial statements are presented in Canadian dollars, which is also the functional currency of the Company. Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are charged to profit or loss.

Basis of presentation and consolidation

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value as explained in the accounting policies set out in Note 3.

These condensed consolidated interim financial statements include accounts of the Company and its wholly owned subsidiary, Zoglo. Amounts reflected prior to March 23, 2021, the RTO completion date, include only the accounts of Zoglo. Inter-company transactions and balances are eliminated upon consolidation.

Subsidiaries are corporations in which the Company is able to control the operating, investing and financing activities and policies, which is the authority usually connected with holding majority voting rights. The condensed consolidated interim financial statements include the accounts of the Company and its controlled entity from the date on which control was acquired. The subsidiary uses the same reporting period and the same accounting policies as the Company.

All significant inter-company balances and transactions have been eliminated on consolidation.

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Notes to Condensed Consolidated Interim Financial Statements

For the period ended June 30, 2021

(Expressed in Canadian Dollars - Unaudited)

2. BASIS OF PRESENTATION (cont'd)

Significant accounting judgements, estimates and assumptions

The preparation of condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amount of expenses during the reporting period.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The preparation of condensed consolidated interim financial statements requires management to make judgments regarding the going concern of the Company as discussed in Note 1 and the fair value measurements for financial instruments.

Key Sources of Estimation Uncertainty

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Share-based payments

The Company uses the Black-Scholes Option Pricing Model to determine the fair value of options and warrants in order to calculate share-based payments expense and the fair value of agent warrants. The Black-Scholes Option Pricing Model involves six key inputs to determine fair value of an option: risk-free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are or could be affected by significant factors that are out of the Company's control. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of share-based payments expense.

Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control over a product to a customer. The transfer of control is considered to have occurred when the Company has transferred physical possession of the asset and the Company has a present right to payment for the asset.

Business combination

Considerable judgment is required to determine whether a set of assets acquired and liabilities assumed constitute a business and may require the Company to make certain judgments, taking into account all facts and circumstances. A business consists of inputs, including non-current assets and processes, including operational processes, than when applied to those inputs have the ability to create outputs and provide a return to the Company and its shareholders.

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2. BASIS OF PRESENTATION (cont'd)

Significant accounting judgements, estimates and assumptions (cont'd)

In business combinations, it generally requires time to obtain the information necessary to identify and measure the following as of the acquisition date:

- a) The identifiable assets acquired and liabilities assumed;
- b) The consideration transferred in exchange for an interest in the acquiree;
- c) The resulting goodwill.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete.

During the measurement period, the Company will retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the Company will also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the Company receives the information it was seeking about facts and circumstances that existed as of the acquisition date.

Cash generating units and impairment of non-financial assets

Judgment is required to assess the Company's determination of cash generating units ("CGU") for the purpose of impairment testing. The process to calculate the recoverable amount of a cash generating unit requires use of valuation methods such as the discounted cash flow method which uses assumptions of key variables including future cash flows, discount rate and terminal growth rates.

Financial instruments

The fair values of financial instruments are estimated based upon market and third-party inputs. These estimates are subject to change with fluctuations in commodity prices, interest rates, foreign currency exchange rates and estimates of non-performance risk.

Deferred tax assets and liabilities

The measurement of deferred income tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities. The estimation of taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful operations of the Company.

To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred tax provisions or recoveries could be affected.

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2. BASIS OF PRESENTATION (cont'd)

Significant accounting judgements, estimates and assumptions (cont'd)

Useful life of equipment

Each significant component of an item of equipment is depreciated over its estimated useful life. Estimated useful lives are determined based on current facts and past experience, and take into consideration the anticipated physical life of the asset, existing long-term sales agreements and contracts, current and forecasted demand, the potential for technological obsolescence, and regulations.

3. SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

The following table shows the classification of the Company's financial instruments under IFRS 9:

Financial assets	
Cash	FVTPL
Cash held in escrow	FVTPL
Trade receivables	Amortized cost
Financial liabilities	
Trade and other payables	Amortized cost
Subscription receipts	Amortized cost

The Company classifies its financial assets in one of the following categories: (1) at fair value through profit or loss ("FVTPL"), (2) at amortised cost or (3) at fair value through other comprehensive income ("FVTOCI"). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of (loss) income in the period in which they arise.

Amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current or non-current based on their maturity date.

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment.

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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of (loss) income, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

The Company's financial instruments at June 30, 2021 are as follows:

		<i>Level 1</i>		<i>Level 2</i>		<i>Level 3</i>
Financial assets						
Cash	\$	291,936	\$	–	\$	–
Cash held in escrow	\$	6,750,000	\$	–	\$	–
Trade receivables	\$	–	\$	168,320	\$	–
Financial liabilities						
Trade and other payables	\$	–	\$	308,673	\$	–
Subscription receipts	\$	–	\$	6,750,000	\$	–

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

- i) Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

- ii) Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- iii) Level 3 – Applies to assets or liabilities for which there are unobservable market data.

Cash deposits have been measured at fair value using Level 1 inputs. The carrying value of trade receivables, trade payables, and subscription receipts approximate their fair value because of the short-term nature of these instruments or their ability of prompt liquidation.

Inventories

Inventories consist of finished goods, which are stated at the lower of cost and net realizable value. Cost comprises direct materials, and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling, and distribution.

Equipment

Equipment is recorded at cost less accumulated depreciation and impairment charges. Such cost consists of the purchase price, any costs directly attributable to bringing the equipment to the location and condition necessary for its intended use. Depreciation of equipment is calculated over the estimated useful lives; Computer equipment is amortized on the 45% declining balance basis.

Where an item of equipment comprises significant components with different useful lives, the components are accounted for as separate items of equipment. The cost of replacing part of an item within equipment is recognized when the cost is incurred if it is probable that the future economic benefits will flow to the group and the cost of the item can be measured reliably. The carrying amount of the part that has been replaced is expensed. All other costs are recognized as an expense as incurred.

Impairment

An impairment loss is recognized when the carrying amount of an asset, or its cash generating unit ("CGU"), exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGU and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment (cont'd)

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Share capital

Common shares issued for non-monetary consideration are recorded at their fair value on the measurement date and classified as equity. The measurement date is defined as the earliest of the date at which the commitment for performance by the counterparty to earn the common shares is reached or the date at which the counterparty's performance is complete.

Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

Equity financing transactions may involve the issuance of units. Units comprise common shares and share purchase warrants. The Company accounts for unit offering proceeds between common shares and share purchase warrants using the residual value method, wherein the fair value of the common shares is based on the fair value ascribed to the shares issued and the balance, if any, is allocated to the attached warrants.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. If these computations prove to be anti-dilutive, diluted loss per share is the same as basic loss per share.

Revenue recognition

The Company generates revenues through wholesale of plant-based meat alternative products. Revenues from sale of goods to customers have a single performance obligation and are recognized at the point in time when control transfers and the obligation has been fulfilled, which is upon shipment of goods to the customers. The amount of revenue recognized is based on a contractual price and is recorded net of sales discounts, if any.

The Company follows a five-step recognition and measurement approach for revenue arising from contracts with customers:

1. Identify the contracts with customers
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when the entity satisfies a performance obligation

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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Accounting standard issued but not yet effective

Certain accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. REVERSE TAKEOVER OF ZOGLO'S INCREDIBLE FOOD INC.

On March 23, 2021, the Company completed a reverse takeover transaction with Zoglo (Note 1), whereby the Company acquired 100% of the issued and outstanding common shares of Zoglo.

Pursuant to the Transaction, the Company issued an aggregate of 64,000,000 common shares of the Company in exchange for all of the issued and outstanding shares of Zoglo and 3,000,000 Restricted Stock Units ("RSU") at a price of \$0.05 per RSU to the Chairman of the Company. Upon closing of the Transaction, the shareholders of Zoglo owned 89.5% of the common shares of the Company and, as a result, the Transaction is considered a reverse acquisition of the Company by Zoglo.

In addition, on completion of the Transaction:

- i) Zoglo optionholders exchanged their Zoglo options for a total of 6,800,000 replacement securities of the Company at an exercise price of \$0.05 per share until March 23, 2026 (the "Replacement Options").
- ii) Zoglo warrant holders exchanged their Zoglo warrants for a total of 1,000,000 replacement securities of the Company at an exercise price of \$0.10 until March 23, 2026 (the "Replacement Warrants").

For accounting purposes, the acquisition was considered to be a reverse acquisition under *IFRS 3 Business Combinations* ("IFRS 3") as the shareholders of Zoglo obtained control of the Company. However, as the Company does not meet the definition of a business as defined by IFRS 3, it has been accounted for as a share-based payment transaction in accordance with IFRS 2. The accounting for this transaction resulted in the following:

- a. The consolidated financial statements of the combined entity are issued under the legal parent, the Company, but are considered a continuation of the financial statements of the legal subsidiary, Zoglo.
- b. As Zoglo is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the consolidated financial statements at their historical carrying values.
- c. In connection to the RTO, the Company completed a concurrent financing of 27,000,000 subscription receipts ("Subscription Receipt") (Note 9) of the Company at a price of \$0.25 per Subscription Receipt for gross proceeds of \$6,750,000 (Note 5) which is deposited with the Company and held in escrow ("Escrow Funds"). Each Subscription Receipt entitles the holder to receive, without additional consideration, one common share of the Company upon receiving conditional approval of the CSE for the CSE Listing and the release of the Escrow Funds (Note 15). Should the Subscription Receipts not convert into common shares on or before October 31, 2021, the Escrow Funds will be returned to the holders of Subscription Receipts.

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4. REVERSE TAKEOVER OF ZOGLO'S INCREDIBLE FOOD INC. (cont'd)

In connection to the concurrent financing, the Company issued an aggregate of 848,400 agents' warrants (Note 10(d)) to eligible finders at an exercise price of \$0.25 per common share expiring March 22, 2022.

The Company recorded a fair value of \$125,066 on these agents' warrants. Upon receiving conditional approval of the CSE, the Company will pay a cash finders' fee of \$212,000 to the eligible finders (Note 15(iii)).

- d. Since the shares allocated to the former shareholders of Zoglo on closing the Transaction is considered within the scope of IFRS 2, and the Company cannot identify specifically some or all of the goods or service received in return for the allocation of the shares, the value in excess of the net identifiable assets or obligations of Zoglo acquired on closing was expensed in the consolidated statement of loss and comprehensive loss as a listing expense.

The fair value of the 7,500,000 common shares and 1,000,000 special warrants for all of the Company was determined to be \$2,250,066 or \$0.25 per common share including fair value of agent warrants.

- e. The fair value of all the consideration given and charged to listing expense was comprised of:

Fair value of the common shares, agent warrants and special warrants at transaction date	\$	2,250,066
Identifiable assets acquired – At March 22, 2021		
Cash	\$	3,965,960
Deferred charges		125,066
Accounts payables		(22,968)
Subscription receipts		(3,845,000)
		<u>223,058</u>
Unidentified assets acquired		
Listing expense (See Note (f))		<u>2,027,008</u>
Total net identifiable assets and transaction costs	\$	<u>2,250,066</u>

- f. The Company incurred additional expenses related to the Transaction of \$453,185 for total listing expense of \$2,459,193.
- g. In connection to the RTO, the Company would assume all obligations from Zoglo to acquire the assets (Note 12 and 15(v)), patents, IP and licensing rights and manufacturing rights (the "Zoglo IP") (the "Acquisition") from Naknik Nahariya Kasher Soglowek Ltd ("Naknik"), a corporation incorporated under the laws of Israel. The acquisition will take place on or about 14 days after the Escrow Funds from the concurrent financing are released to the Company, and in any event, prior than the date of the CSE Listing. The Company will pay an aggregate of \$5,000,000 in accordance to the agreement, and a portion of the purchase price to be paid by promissory note, which bears no interest and can be prepaid at any time. The Company shall not be permitted to sell the Zoglos Products in Israel.

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5. CASH HELD IN ESCROW

Cash held in escrow represents funds received on account of the Subscription Receipts (Note 9). The funds are restricted as per terms of the Subscription Receipts Agreement and will be released to the Company upon receiving the conditional approval of the CSE for the proposed listing (Note 15). Should the Subscription Receipts not convert into common shares on or before October 31, 2021, the Escrow Funds will be returned to the holders of Subscription Receipts.

On April 15, 2021, the Company invested \$6,745,000 of the escrow in a highly liquid Canadian denominated redeemable guaranteed investment certificate ("GIC") yielding a variable interest rate per annum with a maturity date within one year. The counter-party is a financial institution. As at June 30, 2021, the Company held \$6,748,511 in the GIC investment including accrued interest of \$3,511.

6. TRADE AND OTHER RECEIVABLES

	June 30, 2021	December 31, 2020
Government sales tax credits	\$ 76,714	\$ 10,407
Trade receivables (Note 11)	168,320	–
	<u>\$ 245,034</u>	<u>\$ 10,407</u>

7. INVENTORIES

	June 30, 2021	December 31, 2020
Opening inventory	\$ 86,241	\$ –
Purchases	109,847	86,241
Cost of sales	(128,630)	–
Closing inventory	<u>\$ 67,458</u>	<u>\$ 86,241</u>

8. EQUIPMENT

Computer Equipment	Cost	Accumulated Depreciation	Balance
At December 31, 2020	\$ –	\$ –	\$ –
Additions	4,710	530	4,180
Disposals	–	–	–
At June 30, 2021	<u>\$ 4,710</u>	<u>\$ 530</u>	<u>\$ 4,180</u>

9. SUBSCRIPTION RECEIPTS

In connection to the Transaction, the Company completed a concurrent private placement of 27,000,000 Subscription Receipts for gross proceeds of \$6,750,000 subject to escrow in anticipation of release upon the Company receiving CSE conditional approval for the Company's application to list its common shares on the CSE (Note 4(c) and 15).

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9. SUBSCRIPTION RECEIPTS (cont'd)

Should the Subscription Receipts not convert into common shares on or before October 31, 2021, the Escrow Funds will be returned to the holders of Subscription Receipts.

10. SHARE CAPITAL

a. Authorized

Unlimited number of common shares without par value.

b. Issued and outstanding

During the six months ended June 30, 2021, the Company completed the following transactions:

- i) Issued 5,000,000 common shares at a price of \$0.10 per share for total gross proceeds of \$500,000. The Company also recorded \$33,200 in share issuance costs related to this private placement; and
- ii) Issued 1,000,000 common shares for the conversion of 1,000,000 special warrants (Note 10(d)).

During the period from July 13, 2020 (date of incorporation) to December 31, 2020, Zoglo completed the following transactions:

- iii) Issued 20,000,000 common shares at a price of \$0.005 per share as Founders shares for aggregate gross proceeds of \$100,000;
- iv) Issued 39,000,000 common shares at a price of \$0.02 per share for aggregate gross proceeds of \$780,000; and
- v) Recorded \$79,936 in share issuance costs related to the issuance of the common shares.

During the period from July 23, 2020 (date of incorporation) to December 31, 2020, the Company completed the following transactions:

- i) 1 common share for \$0.01 upon incorporation. the Company subsequently repurchased this share for the same amount and cancelled the common share;
- ii) 4,500,000 common shares issued on November 6, 2020 at a price of \$0.005 per share for aggregate gross proceeds of \$22,500;
- iii) 3,000,000 common shares issued on November 10, 2020 at a price of \$0.02 per share for aggregate gross proceeds of \$60,000; and
- iv) Paid \$7,940 in legal fees in connection to the issuance of common shares.

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10. SHARE CAPITAL (cont'd)

c. Escrow

46,000,000 common shares issued to a director of the Company under the Transaction are subject to escrow conditions required by applicable securities laws and the CSE requirements. These shares will be entered into an escrow agreement upon the Company's CSE Listing ("Escrow Agreement"). In addition, 41,400,000 common shares of these common shares will also enter into a voluntary escrow agreement for a twelve-month period upon the Company's CSE Listing ("Voluntary Escrow Agreement").

Under the Escrow Agreement, 10% of the escrowed common shares will be released on the Company's listing date, and 15% of the escrowed shares will be released every 6 months thereafter over a period of 36 months for the remaining 90% of the escrow.

Under the Voluntary Escrow Agreement, 30% will be released on the date that is four months from the listing date, and 30% will be released every 4 months thereafter.

As at June 30, 2021, no common shares were subject to escrow.

d. Special Warrants

During the six months ended June 30, 2021, the special warrants were revalued at fair market value of \$0.25 per special warrants in connection to the RTO (Note 4(d)) and converted into common shares (Note 10 (b)).

During the period ended December 31, 2020, the Company received subscription receipts for 1,000,000 special warrants ("Special Warrant") at a price of \$0.05 per Special Warrant for total gross proceeds of \$50,000. Each Special Warrant will entitle the holder to receive one common share of the Company (each a "Share") on the date ("Conversion Date") that is earlier of (i) the third business day after a receipt for a final prospectus (the "Prospectus") qualifying the distribution of the Shares issuable upon the conversion of the Special warrants, and (ii) 4 months and one day after the issue date of the Special Warrants. No Special Warrant may be exercised prior to the Conversion Date, and the Special Warrants will automatically convert on Conversion Date. The Special Warrants are subject to a hold period of the later of:

- (a) four months and a day following the date of issuance of the Special Warrants; and
- (b) the date the Company becomes a reporting issuer in a jurisdiction of Canada.

e. Subscriptions

During the six months ended June 30, 2021, there were no outstanding subscriptions.

During the year ended December 31, 2020, Zoglo received an advance of \$50,000 in private placement subscriptions (Note 10(b)).

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10. SHARE CAPITAL (cont'd)

f. Stock Options

The Company adopted a rolling 10% stock option plan (the "Plan") that enables the Company to grant options to directors, officers, employees, and consultants of the Company or a subsidiary of the Company. The Company reserved 10% of issued and outstanding common shares for issuance pursuant to options under the Plan. Each option agreement with the grantee sets forth, among other things, the number of options granted, the exercise price, expiry date, and the vesting conditions of the options as determined by the Board of Directors.

Stock option transactions are summarized as follows:

	Stock Options Outstanding	Weighted Average Exercise Price
Outstanding, July 23, 2020 and December 31, 2020	–	\$ –
Granted	6,800,000	0.05
Outstanding, June 30, 2021	6,800,000	\$ 0.05

During the six months ended June 30, 2021, the Company granted an aggregate of 6,800,000 Replacement Options (Note 4) to certain directors, officers, and consultants of the Company at an exercise price of \$0.05 expiring March 23, 2026. The Replacement Options are subject to vesting over a period of two years. During the period, the Company recorded share-based compensation of \$959,647 on the vested portion of the stock options.

During the period ended December 31, 2020, there were no stock options granted.

The Company uses the Black-Scholes option pricing model to calculate the fair value of stock options granted. The model requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values.

The following weighted average assumptions were used to estimate the following weighted average grant date fair values:

	June 30, 2021	December 31, 2020
Risk free interest rate	0.84%	–
Expected dividend yield	0%	–
Stock price volatility	157.70%	–
Weighted average expected life	4.79 years	–
Weighted average fair value	\$ 0.23	–

Share options outstanding and exercisable at June 30, 2021 are summarized as follows:

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10. SHARE CAPITAL (cont'd)

f. Stock Options (cont'd)

Number of Options	Exercise Price	Expiry Date	Remaining Life of Options (Years)	Number of Options Exercisable
6,800,000	\$ 0.05	March 23, 2026	4.73	–

g. Warrants

During the six months ended June 30, 2021, the Company issued the following warrants:

- i) 848,000 non-transferable agents' warrants at an exercise price of \$0.25 per common share until March 22, 2022 in conjunction with the concurrent private placement (Note 4(c)). The Company recorded a fair value of \$125,066 in reserves and deferred charges;
- ii) 1,000,000 Replacement Warrants at an exercise price of \$0.10 until February 23, 2026 to a consultant for consulting services. The Replacement Warrants are subject to vesting provisions over a period of one year. The Company recorded share-based compensation of \$143,958 on the vested portion of the Replacement Warrants.

During the period ended December 31, 2020, there were no warrants granted.

As at June 30, 2021, the following warrants were outstanding:

	Expiry Date	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life
Agent's Warrants	March 22, 2022	848,400	\$0.25	0.73 years
Warrants	February 23, 2026	1,000,000	\$0.10	4.65 years

The fair value of the warrants granted were calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	June 30, 2021	December 31, 2020
Risk free rate	0.49%	–
Dividend yield	0%	–
Weighted average volatility	161.08%	–
Weighted average expected life	3.16 years	–
Weighted average fair value	\$ 0.19	–

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10. SHARE CAPITAL (cont'd)

h. Restricted Share Units

The Company adopted a rolling restricted stock plan ("RSU Plan") on February 12, 2021. The aggregate number of Common Shares that may be issued pursuant to the RSU Plan, when combined with the common shares reserved for issuance pursuant to other share compensation arrangements (including the stock option plan), may not exceed 25% of the Common Shares issued and outstanding at the time of the grant.

During the six months ended June 30, 2021, the Company issued 3,000,000 RSUs at an exercise price of \$0.05 per common share until March 23, 2026 to the Chairman of the Company in connection to the RTO (Note 4). The RSUs are subject to vesting over a period of two years. During the period, the Company recorded \$373,126 in share-based compensation on the vested portion of the RSUs.

During the period ended December 31, 2020, there were no RSUs granted nor share-based compensation recorded.

As at June 30, 2021, the following RSUs were outstanding:

	Expiry Date	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life
RSUs	March 23, 2026	3,000,000	\$0.05	4.73 years

The fair value of the RSUs granted was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	June 30, 2021	December 31, 2020
Risk free rate	0.73%	—
Dividend yield	0%	—
Weighted average volatility	177.08%	—
Weighted average expected life	5 years	—
Weighted average fair value	\$ 0.25	—

11. RELATED PARTY TRANSACTIONS

Key management personnel includes persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. Key management personnel comprise of the directors of the Company, executive and non-executive, and officers.

The remuneration of the key management personnel during the six months ended June 30, 2021 were as follows:

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11. RELATED PARTY TRANSACTIONS (cont'd)

	June 30, 2021
Officers remuneration (i)	\$ 112,133
Advisory fees (ii)	85,000
Share-based compensation (v)(vi)	547,220
Total	\$ 744,353

Transactions with key management and other related party transactions:

- (i) During the six months ended June 30, 2021, the Company paid or accrued salaries, consulting fees, and health benefits totalling \$112,133 to the officers of the Company.

As at June 30, 2021, consulting fees of \$16,950 (December 31, 2020 - \$Nil) were due to Kreston GTA LLP, a company whose managing director is an officer of the Company. This amount was included in trades payable and accrued liabilities.

- (ii) The Company entered into two advisory agreements with the following related parties:

- a. with Canadian Endernational Limited, a company with a director and significant shareholder in common, for consulting services with respect to sales, marketing and relationship management services in exchange for \$120,000 per year, payable monthly. The advisory agreement is for a term of one year and will automatically renew annually unless terminated.

During the six months ended June 30, 2021, the Company paid \$60,000 in consulting fees pursuant to this agreement.

- b. with The Canadian Triloon Corporation, a company with a former director in common and the spouse of a director and significant shareholder of the Company, for consulting services with respect to packaging, marketing and product advisory services in exchange for \$50,000 per year, payable monthly. The advisory agreement is for a term of one year and will automatically renew annually unless terminated.

During the six months ended June 30, 2021, the Company paid \$25,000 in consulting fees pursuant to this agreement.

- (iii) During the six months ended June 30, 2021, the Company incurred revenues totalling \$138,321, and paid rent totalling \$18,000 to Foodfest International 2000 Inc. ("Foodfest"), a company whose CEO is a director and significant shareholder of the Company.

As at June 30, 2021, \$168,321 was included in trade and other receivables for the sale of food products and cash advances to Foodfest. In addition, as at June 30, 2021, \$1,446 was due to Foodfest for expenses incurred on the Company's behalf. This amount was included in trade payables and accrued liabilities.

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11. RELATED PARTY TRANSACTIONS (cont'd)

- (iv) As at June 30, 2021, \$96,226 (December 31, 2020 - \$86,241) was due to Naknik Nahariya Kasher Soglowek Ltd. ("Naknik"), a company controlled by a former director of the Company and the spouse of a director and significant shareholder of the Company, for inventory purchased. The amounts were non-interest bearing and repayable within 90 days following the receipt of the product. This amount was included in trade payable. During the six months ended June 30, 2021, the Company purchased inventory totalling \$89,647 (2020 - \$86,241) from Naknik.
- (v) During the period ended June 30, 2021, share based compensation expense of \$174,094 was recorded on the vested portion of 1,500,000 stock options granted to directors and officers of the Company.
- (vi) During the period ended June 30, 2021, share based compensation expense of \$373,126 was recorded on the vested portion of 3,000,000 RSUs granted to the Chairman of the Company.

12. COMMITMENTS

On October 19, 2020, the Company entered into an agreement with Naknik, for the exclusive option to acquire the right, title and interest in, as well as to acquire certain assets used, in connection with Naknik's business of packaging, marketing and selling meat substitute food products marketed under the brand "Zoglos" in return for an aggregate purchase price of \$5,000,000. The option can be exercised any time up to its expiry date of October 19, 2021. On February 9, 2021, the option was amended such that \$3,000,000 (Note 15(v)) of the \$5,000,000 purchase price could be paid by way of a promissory note with remainder paid in cash. The note shall be non-interest bearing and be repaid by the Company in equal instalments of \$500,000 every six months until the note is repaid in full.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, trade receivables, trade payables, and subscription receipts. These financial instruments are exposed to certain risks, including credit risk, interest rate risk, liquidity risk and other market risk.

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and seeking equity financing when needed.

As at June 30, 2021, the Company had cash on hand of \$291,936 (December 31, 2020 - \$839,657), and current liabilities of \$421,251 (December 31, 2020 - \$96,390). Management will need to raise additional funds in order to continue operations.

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13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(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 the market interest rates. The Company's cash is held in an account with a major Canadian financial institution. The funds may be withdrawn at any time without penalty.

(b) Foreign currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which purchases are denominated and the functional currency of the Company. The functional currency of the Company is the Canadian dollar. The currency in which purchase transactions are denominated in is Israeli shekels. The Company does not currently hedge its currency risk, and is therefore subject to gains or losses due to fluctuations in that currency.

(c) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potentially adverse impact on the Company's ability to obtain equity financing due to movements in individual equity prices. The Company closely monitors individual equity movements to determine the appropriate course of action to be taken by the Company.

14. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity of \$585,405 at June 30, 2021 (December 31, 2020 - \$839,915).

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust its capital structure, the Company may issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. The Company is dependent on the capital markets as its sole source of operating capital. The Company's capital resources are largely determined by the strength of the junior resource markets. The Company is not subject to any externally imposed capital requirements.

15. SUBSEQUENT EVENTS

Subsequent to June 30, 2021, the Company:

- (i) received final approval to list on the CSE and commenced trading effective July 26, 2021 under the symbol "ZOG";
- (ii) issued a total of 27,000,000 common shares on the conversion of 27,000,000 subscription receipts (Note 4(c) and 9) and the Escrow Funds were released (Note 5);

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15. SUBSEQUENT EVENTS (cont'd)

- (iii) paid cash commission of \$212,100 or 7% of gross proceeds to Agents in connection to the private placement of subscription receipts upon release of the Escrow Funds (Note 4(d));
- (iv) issued a total of 3,687,100 common shares on the exercise of 3,400,000 stock options and 287,100 warrants granted at a price between \$0.05 and \$0.25 for gross proceeds of \$204,275;
- (v) exercised the option to acquire the right, title, and interest in, as well as to acquire certain assets used, in connection with Naknik's business (Note 4(g) and 12), and made the initial payment of \$2,000,000; and
- (vi) pursuant to the LOI, it is contemplated that the Company will acquire 50.5% of the issued and outstanding securities of Monday Swiss in consideration for the issuance of common shares of the Company (the "Payment Shares") pro rata to the selling shareholders of Monday Swiss with an aggregate value of 5.1M EUR (subject to adjustment in certain circumstances) at a deemed price per Payment Share of the greater of (i) \$0.41; and (ii) the VWAP of the Company's common shares on the CSE from the Company's listing date on July 26, 2021 until the date the Definitive Agreement is executed. The Payment Shares are not currently expected to be subject to any hold periods under applicable securities laws. Pursuant to the LOI, the terms are subject to the parties entering into a definitive agreement.

In addition, it is currently expected that the Company will invest up to an additional 750,000 EUR upon closing of the Proposed Acquisition to satisfy certain debts owing by Monday Swiss and or its subsidiaries and provide a loan of up to 1,000,000 EUR in order to develop new production capacity.

The Proposed Acquisition is an arms-length transaction and no change in the board of directors of the Company is being contemplated at this time. The Proposed Acquisition remains subject to certain closing conditions including, without limitation:

- (a) entering into the Definitive Agreement;
- (b) the completion of due diligence; and
- (c) the receipt by the Company of all necessary corporate and regulatory approvals, including the approval of the CSE, as applicable.

There can be no assurance that the Proposed Transaction will be completed as contemplated, or at all.