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

Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

ZOGLO'S INCREDIBLE FOOD CORP.

(FORMERLY 1258481 B.C. LTD.)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Zoglo's Incredible Food Corp. (formerly 1258481 B.C. Ltd.):

Opinion

We have audited the consolidated financial statements of Zoglo's Incredible Food Corp. (formerly 1258481 B.C. Ltd.), and its subsidiary (together the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity, and consolidated statements of cash flows for the year ended December 31, 2021 and the period from incorporation on July 13, 2020 to December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2021 and the period from incorporation on July 13, 2020 to December 31, 2020 in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which describes the events and conditions indicating that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion & Analysis filed with the relevant Canadian securities commissions.

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

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

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

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

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

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

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

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

The engagement partner on the audit resulting in this independent auditor's report is John C. Sinclair.

Chartered Professional Accountants, Licensed Public Accountants

Baker Tilly WM LLP

Toronto, Ontario
June 16, 2022

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

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes		**As at December 31, 2021**		As at December 31, 2020
ASSETS					
Current Assets					
Cash and cash equivalents	6	$	**2,502,910**	$	839,657
Trade and other receivables	7		**400,979**		10,407
Inventories	8		**2,279,899**		86,241
Advance to supplier			**215,010**		-
Prepaid expenses	9		**68,915**		-
			5,467,713		936,305
Intangible asset	10		**4,147,564**		-
Equipment	10		**91,464**		-
		$	**9,706,741**	$	936,305
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	13(vii)	$	**1,421,574**	$	96,390
Deferred revenue			**1,231,902**		-
Note payable, current	11		**722,956**		-
			3,376,432		96,390
Note payable	11		**1,805,005**		-
			5,181,437		96,390
EQUITY					
Share capital	12		**11,152,189**		800,064
Subscriptions	12		**-**		50,000
Reserves	12		**1,356,952**		-
Deficit			**(7,983,837)**		(10,149)
			4,525,304		839,915
		$	**9,706,741**	$	936,305

Nature and continuance of business (Note 1)
Contingent liabilities (Note 17)
Subsequent events (Note 18)

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

Approved on behalf of the board of directors:

"Paul Del Duca"
Director

"Henry Ender"
Director

ZOGLO'S INCREDIBLE FOOD CORP.

(FORMERLY 1258481 B.C. LTD.)

Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Notes		**For the year ended December 31, 2021**		For the period from Incorporation (July 13, 2020) to December 31, 2020
Sales	13(iii)	**$**	**796,468**	$	-
Cost of sales			**945,072**		-
GROSS LOSS			**(148,604)**		-
OPERATING EXPENSES					
Accretion expense	11	**$**	**162,105**	$	-
Consulting	13		**337,882**		-
Depreciation	10		**229,672**		-
Foreign exchange loss			**16,038**		-
Investor relations			**735,240**		-
Marketing			**642,548**		-
Office and miscellaneous			**153,874**		149
Professional fees			**277,215**		10,000
Regulatory and transfer agent fees			**41,175**		-
Rent	13		**44,400**		-
Share based compensation	12		**2,376,937**		-
Travel			**32,166**		-
Wages and benefits	13		**300,631**		-
			(5,349,883)		**(10,149)**
NET LOSS BEFORE OTHER ITEMS			**(5,498,487)**		**(10,149)**
OTHER ITEMS					
Interest income			**4,992**		-
Listing expense	5		**(2,480,193)**		-
			(2,475,201)		-
Loss before income taxes			**(7,973,688)**		(10,149)
Net and comprehensive loss for the year		**$**	**(7,973,688)**	$	**(10,149)**
Loss per share					
- basic and diluted		**$**	**(0.09)**	$	**(0.00)**
Weighted average number of shares outstanding					
- basic and diluted			**84,747,275**		59,000,000

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

ZOGLO'S INCREDIBLE FOOD CORP.

(FORMERLY 1258481 B.C. LTD.)

Consolidated Statement of Changes in Equity
(Expressed in Canadian Dollars)

		Share Capital						
	Note	Number of shares	Amount	Reserves (Note 12)	Subscriptions	Special warrants	Deficit	Total equity
Balance, July 13, 2020 (Date of Incorporation		**-**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Common shares issued for cash	12(b)(vii)(viii)	59,000,000	880,000	-	-	-	-	880,000
Share issuance cost	12(b)(ix)	-	(79,936)	-	-	-	-	(79,936)
Subscription receipts issued	12(b)(ix)	-	-	-	50,000	-	-	50,000
Net loss for the period		-	-	-	-	-	(10,149)	(10,149)
Balance, December 31, 2020		**59,000,000**	**800,064**	**-**	**50,000**	**-**	**(10,149)**	**839,915**
Subscription receipts issued	12(b)(iii)	-	-	-	6,700,000	-	-	6,700,000
Common shares issued for cash	12(b)(i)(iii)	32,000,000	7,250,000	-	(6,750,000)	-	-	500,000
Share issuance costs	12(b)(i)(iv)	-	(372,201)	-	-	-	-	(372,201)
Common shares and special warrants issued on RTO	5	7,500,000	1,875,000	125,066	-	250,000	-	2,250,066
Warrants issued for consulting services	12(f)	-	-	232,914	-	-	-	232,914
Share-based compensation on stock options	12(e)	-	-	1,898,937	-	-	-	1,898,937
Share-based compensation on restricted share units	12(g)	-	-	245,086	-	-	-	245,086
Special warrants conversion	12(b)(ii)	1,000,000	250,000	-	-	(250,000)	-	-
Exercise of stock options	12(b)(v)(a)	3,400,000	1,004,835	(834,835)	-	-	-	170,000
Exercise of warrants	12(b)(v)(b)(c)	287,100	99,405	(65,130)	-	-	-	34,275
Exercise of restricted share units	12(b)(vi)	1,000,000	245,086	(245,086)	-	-	-	-
Net loss for the year		-	-	-	-		(7,973,688)	(7,973,688)
Balance, December 31, 2021		**104,187,100**	**$ 11,152,189**	**$ 1,356,952**	**$ -**	**$ -**	**$ (7,983,837)**	**$ 4,525,304**

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

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

Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Note		For the year ended December 31, 2021		For the period ended from Incorporation (July 13, 2020) to December 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss for the year		$	**(7,973,688)**	$	(10,149)
Items not affecting cash:					
Depreciation	10		**229,672**		-
Accretion on note payable	11		**162,105**		-
Share-based compensation	12(e)(f)(g)		**2,376,937**		-
Listing expense	5		**2,480,193**		-
			(2,724,781)		(10,149)
Changes in non-cash working capital items:					
Receivables			**(390,572)**		(10,407)
Inventories	9		**(2,193,658)**		(86,241)
Prepaid expenses			**(68,915)**		-
Trades payable and accrued liabilities			**1,302,216**		96,390
Deferred revenue			**1,231,902**		
Net cash used in operating activities			**(2,843,808)**		(10,407)
CASH FLOWS FROM INVESTING ACTIVITIES					
Equipment	10		**(102,844)**		-
Purchase of intangible asset	10		**(2,000,000)**		-
Net cash used in investing activities			**(2,102,844)**		-
CASH FLOWS FROM FINANCING ACTIVITIES					
Net proceeds from private placement	12		**3,107,865**		800,064
Proceeds from exercise of stock options	12		**170,000**		-
Proceeds from exercise of warrants	12		**34,275**		-
Proceeds from subscription receipts	12		**-**		50,000
Advances made to supplier			**(215,010)**		-
Net cash acquired on reverse takeover	5		**3,965,960**		-
Cash listing expenses	5		**(453,185)**		-
Net cash from financing activities			**6,609,905**		850,064
Change in cash			**1,663,253**		839,657
Cash, beginning of year			**839,657**		-
Cash, end of year		**$**	**2,502,910**	$	839,657
Cash paid for interest		**$**	**-**	$	-
Cash paid for taxes		**$**	**-**	$	-

ZOGLO'S INCREDIBLE FOOD CORP.

(FORMERLY 1258481 B.C. LTD.)

Consolidated Statements of Cash Flows (cont'd)
(Expressed in Canadian Dollars)

	Note		**For the year ended December 31, 2021**		For the period ended from Incorporation (July 13, 2020) to December 31, 2020
Supplemental cash flow information:					
Conversion of special warrants to common shares	12(b)(ii)	**$**	**250,000**	$	-
Conversion of subscription receipts to common shares	12(b)(ix)	**$**	**50,000**	$	-
Fair value of agent warrants issued on RTO	5,12(b)(iv)	**$**	**125,066**	$	-
Purchase of intangible asset financed through note payable	10,11	**$**	**2,365,856**	$	-
Reclassification of fair value on exercised restricted share units	12(b)(vi)	**$**	**245,086**	$	-
Reclassification of fair value on exercised stock options and warrants	12(b)(v)	**$**	**899,459**	$	-

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

1. NATURE AND CONTINUANCE OF BUSINESS

Reporting entity

Zoglo's Incredible Food Corp. (Formerly 1258481 B.C. 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 5).

On July 21, 2021, the Company filed a non-offering long form prospectus dated July 20, 2021 (the "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".

On November 4, 2021, the Company's shares have been accepted for listing and have commenced trading on the Frankfurt Stock Exchange under the symbol "7UT".

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 October 28, 2021, the Company entered into a binding memorandum of understanding ("MOU") with Monday Swiss UK Ltd ("Monday Swiss"), a leading European-based developer and manufacturer of innovative plant-based food alternatives, to acquire 51% interest of Monday Swiss. However, the MOU was terminated as the Company and Monday Swiss did not enter into a definitive agreement by November 26, 2021.

The Company's head office and principal address is 75 Addiscott Ct, Markham, ON L6G 1A6. The registered and records office is Suite 1500-1055 West Georgia Street, Vancouver, BC, V6E 4N7.

Going concern

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, debt financing, and to attain profitable operations to generate funds and meet current and future obligations. During the year ended December 31, 2021, the Company reported a net loss of $7,973,688 (December 31, 2020 - $10,149). As at December 31, 2021, the Company had working capital of $2,091,281 (December 31, 2020 - $839,915) and an accumulated deficit of $7,983,837 (December 31, 2020 - $10,149).

1. NATURE AND CONTINUANCE OF BUSINESS (cont'd)

Going concern (cont'd)

There is material uncertainty related to these events and conditions which may cast significant doubt on the Company's ability to continue as a going concern.

Covid-19

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.

2. BASIS OF PRESENTATION

These consolidated financial statements were authorized for issue on June 16, 2022 by the directors of the Company.

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Foreign currencies

These consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company and its subsidiary, Zoglo. 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 consolidated 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 4.

2. BASIS OF PRESENTATION (cont'd)

Basis of presentation and consolidation (cont'd)

These consolidated 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 consolidated 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated 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.

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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

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.

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.

Useful life of equipment and intangible asset

The intangible asset and equipment are recorded at cost less accumulated depreciation and impairment charges. Such cost consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use.

Depreciation is calculated over the estimated useful lives as follows:

Computer equipment	30%	Declining balance method
Freezer equipment	20%	Declining balance method
Brands	10 years	Straight-line method

4. SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

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

Financial assets	
Cash and cash equivalents	Amortized cost
Trade and other receivables	Amortized cost
Advances to suppliers	Amortized cost
Financial liabilities	
Accounts payable and accrued liabilities	Amortized cost
Note payable	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 amortized 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.

Financial assets and liabilities at 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.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost and FVTOCI. 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

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.

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.
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.

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, 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 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 30% declining balance basis.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Equipment (cont'd)

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.

Intangible assets

Intangible assets acquired outside of a business combination are measured at cost on initial recognition.

Intangible assets with finite useful lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization method and amortization period of an intangible asset with a finite useful life are reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense related to intangible assets with finite lives is recognized in the consolidated statements of loss and comprehensive loss.

Impairment of equipment and intangible assets

At each reporting date, the Company reviews the carrying amounts of its equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of equipment and intangible assets (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.

Under the Company's restricted share unit ("RSU") plan, RSU's may be granted to directors, officers, employees or consultants of the Company. Compensation expense for each grant is recorded in the statement of loss and comprehensive loss with a corresponding increase in reserves on the statement of financial position. The expense is based on the fair values at the time of grant and is recognized over the vesting period of the RSU. The Company settles RSUs by issuing shares, though upon a change of control, the Company, at its discretion, may issue cash or a combination of cash and shares.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

Income taxes

Income tax expense is comprised of current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income taxes (cont'd)

Deferred tax is recorded using the asset and liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only 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, it provides a valuation allowance against that excess.

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

Direct Sales to Distributors

The Company generates revenues through the 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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue recognition (cont'd)

Dropship Sales (Principal vs. Agent)

The Company has drop-ship arrangements with licensed distributors (LDs) whereby it acts as a logistics partner to the LDs.

When determining the most appropriate basis for presenting revenue on either a gross or net basis, both the legal form and substance of the agreements between the Company and LDs are reviewed to determine each party's respective role in the transaction. Where the Company's role in a transaction is that of a principal, revenue is recognized on a gross basis, where the gross value of the transaction billed to the customer is recognized as revenue and the costs incurred in the transaction are recognized as direct cost of revenue. When the Company's role in a transaction is that of an agent, revenue is recognized on a net basis with revenue approximating the margin earned and is recorded in the consolidated statements of operations. This determination of whether the Company is acting as principal or agent requires the exercise of judgement. In making this assessment, Management considers whether the Company:

- acts on behalf of the LDs in identifying the customer in certain arrangements
- controls the good or service being provided, prior to it being transferred to the customer
- has primary responsibility for providing the goods and service to the customer
- has inventory risk before or after the customer order; and
- has discretion in establishing prices for the specified goods and services.

Share-based payment transactions of the acquiree in the reverse takeover Transaction

When the share-based payment awards held by the employees of an acquiree (acquiree awards) are replaced by the Group's share-based payment awards (replacement awards), both the acquiree awards and the replacement awards are measured in accordance with IFRS 2 ("market-based measure") at the acquisition date. The portion of the replacement awards that is included in measuring the consideration transferred in a business combination equals the market-based measure of the acquiree awards multiplied by the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the acquiree award.

The excess of the market-based measure of the replacement awards over the market-based measure of the acquiree awards included in measuring the consideration transferred is recognised as remuneration cost for post combination service.

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.

5. 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.

As part of the reverse takeover transaction, the Company entered into a share exchange transaction with Zoglo whereby each shareholder of Zoglo exchanged its common shares in Zoglo for common shares 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's option holders exchanged their Zoglo's options for a total of 6,800,000 replacement securities of the Company with an exercise price of $0.05 per share expiring on March 23, 2026 (the "Replacement Options"). Please see Note 12(e).

ii) Zoglo's warrant holders exchanged their Zoglo's warrants for a total of 1,000,000 replacement securities of the Company with an exercise price of $0.10 expiring on March 23, 2026 (the "Replacement Warrants"). The Replacement Warrants are subject to vesting provisions of 250,000 warrants exercisable immediately, 250,000 warrant exercisable upon the Company listing on a stock exchange, and 500,000 warrants exercisable six months following the date of the Company's listing. Please see Note 12(f).

iii) As part of the share exchange agreement, upon the completion of the Transaction, the Company has issued 3,000,000 restricted stock units to the former chairman of the Company. Please see Note 12(g).

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 12(b)) of the Company at a price of $0.25 per Subscription Receipt for gross proceeds of $6,750,000 which was deposited with the Company and held in escrow ("Escrow Funds"). Each Subscription Receipt entitled 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. On July 11, 2021, the Company received conditional approval and Escrow Funds were released.

(Expressed in Canadian Dollars)

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

In connection with the concurrent financing, the Company issued an aggregate of 848,400 agents' warrants (Note 12(f)) 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 for these agents' warrants. Upon receiving conditional approval of the CSE, the Company will paid cash finders' fee of $212,100 to the eligible finders.

These agent warrants are a part of the consideration for the reverse takeover Transaction. These agent warrants vested immediately on grant date. The valuation of these agent warrants is disclosed below:

	Agent Warrants
Risk free interest rate (based on government bonds)	0.27%
Expected dividend yield	0%
Expected volatility*	164%
Expected life	1 year
Exercise price	$0.25
Share price at grant date**	$0.25
Fair value at grant date	$0.15

*Expected volatility has been based on similar publicly traded companies
**Share price based on last share raise prior to grant date

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.

e. The fair value of the 7,500,000 common shares was determined to be $1,875,000 or $0.25 per common share.

f. On December 11, 2020, the accounting acquiree issued 1,000,000 special warrants ("Special Warrant"). These special warrants are a part of the consideration for the reverse takeover Transaction that occurred on March 23, 2021. Please See Note 12(d).

(Expressed in Canadian Dollars)

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

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

Consideration		
7,500,000 Common shares issued	$	1,875,000
Agent's warrants issued		125,066
Special warrants issued		250,000
	$	2,250,066
Identifiable assets acquired – At March 22, 2021		
Cash	$	3,965,960
Prepaid agent fees		125,066
Accounts payable		(22,968)
Subscription receipts		(3,845,000)
		223,058
Unidentified assets acquired		
Listing expense (See Note 5(h))		2,027,008
Total net identifiable assets and transaction costs	$	2,250,066

h. The Company incurred additional expenses related to the Transaction of $453,185 for total listing expense of $2,480,193.

6. CASH AND CASH EQUIVALENTS

	December 31, 2021	December 31, 2020
Cash	$ 2,257,474	$ 839,657
Short term investment	245,436	–
	$ 2,502,910	$ 839,657

The short-term investment consist of highly liquid Canadian dollar denominated redeemable guaranteed investment certificate ("GIC") yielding a variable interest rate per annum with a maturity date on April 14, 2022. The counter-party is a financial institution. As at December 31, 2021, the Company held $245,436 (December 31, 2020 - $Nil) in the GIC investment including accrued interest of $436 (December 31, 2020 - $Nil).

7. TRADE AND OTHER RECEIVABLES

	December 31, 2021	December 31, 2020
Government sales tax credits	$ 206,814	$ 10,407
Trade receivables (Note 13(iii))	194,165	–
	$ 400,979	$ 10,407

(Expressed in Canadian Dollars)

8. INVENTORIES

Inventory consists of finished goods at the lower of cost and net realizable value.

	December 31, 2021	December 31, 2020
Opening inventory	$ 86,241	$ –
Purchases	3,138,730	86,241
Cost of sales	(945,072)	–
Closing inventory	$ 2,279,899	$ 86,241

During 2021, there were no inventory write downs to net realisable value (2020 - $Nil).

9. PREPAID EXPENSES

	December 31, 2021	December 31, 2020
Prepaid services	$ 51,915	$ –
Prepaid insurance	17,000	–
	$ 68,915	$ –

10. EQUIPMENT AND INTANGIBLE ASSET

	Freezer Equipment	Computer Equipment	Total Equipment	Intangible Asset (Brands)	Total Equipment and Intangible Asset
Acquisition cost:					
At December 31, 2020	$ –	$ –	$ –	$ –	$ –
Additions	81,125	21,719	102,844	4,365,856	4,468,700
At December 31, 2021	$ 81,125	$ 21,712	$ 102,844	$ 4,365,856	$ 4,468,700
Accumulated depreciation:					
At December 31, 2020	$ –	$ –	$ –	$ –	$ –
Depreciation	8,123	3,257	11,380	218,292	229,672
At December 31, 2021	$ 8,123	$ 3,257	$ 11,380	$ 218,292	$ 229,672
Balance					
As December 31, 2020	$ –	$ –	$ –	$ –	$ –
As December 31, 2021	$ 73,002	$ 18,462	$ 91,464	$ 4,147,564	$ 4,239,028

(Expressed in Canadian Dollars)

10. EQUIPMENT AND INTANGIBLE ASSET (cont'd)

On October 19, 2020, the Company entered into an option agreement to acquire the rights to sell Zoglo's brands in North America for a cash consideration of $5,000,000 in connection with Naknik Mahariya Kasher Soglowek's ("Naknik") business of packaging, marketing, and selling meat substitute food products marketed under the brand "Zoglo's".

On February 9, 2021, the agreement was amended such that $3,000,000 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.

This transaction was accounted for as an asset acquisition as the asset acquired does not meet the definition of a business. The purchase price of the net assets acquired was allocated to brands (intangible asset).

On July 15, 2021, the Company exercised its option for total consideration of $4,365,856, which has been recorded as an intangible asset under brands. The total consideration is consisting of a cash payment of $2,000,000 and the issue of a note payable in the amount of $3,000,000.

Consideration provided Cash	**$**	**2,000,000**
Fair value of promissory notes		**2,365,856**
Allocated to intangible asset (brands)	**$**	**4,365,856**

In accordance with IFRS 9 *Financial Instruments*, the benefit of below-market rate shall be measured as the difference between initial carrying value of the loan (being the present value of a similar loan at market rates) and the proceeds received. The Company has estimated the initial carrying value of the note payable at $2,365,856, using a discount rate of 15%, which was the estimated rate for a similar loan without interest-free component. The difference of $634,144 will be accredited to the loan liability over the term of the note payable and recorded to accretion expenses on the consolidated statements of loss and comprehensive loss (See Note 11 for accretion expenses).

11. NOTE PAYABLE

	December 31, 2021		December 31, 2020	
Opening balance for the year	$	–	$	–
Issued on July 15, 2021		2,365,856		–
Accretion		162,105		
Ending balance for the year	$	2,527,961	$	–
Current portion	$	722,956	$	–
Long-term portion	$	1,805,005	$	–

12. SHARE CAPITAL

a. Authorized

Unlimited number of common shares without par value.

b. Issued and outstanding

During the year ended December 31, 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 12(d)).

iii) issued a total of 27,000,000 common shares on the conversion of 27,000,000 subscription receipts (Note 5(c)) and the Escrow Funds were released;

iv) 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 5(d)). This amount was included in share issuance costs. The Company also recognized a fair value of $125,066 on 848,000 agent's warrants exercisable at $0.25 per share expiring March 22, 2022 (Note 5(c)) and legal fees of $1,835 in share issuance costs in connection to this financing;

v) issued a total of 3,687,100 common shares on the exercise of:

   a. 3,400,000 stock options at an exercise price of $0.05 for gross proceeds of $170,000. The weighted average fair value of the options exercised is $0.25. The Company reclassified $834,329 from reserves to share capital on the exercise of these options

   b. 250,000 warrants at a price of $0.10 for gross proceeds of $25,000. The fair value of the warrants exercised is $0.24.The Company reclassified $60,800 from reserves to share capital on the exercise of these warrants

   c. 37,100 warrants at a price of $0.25 for gross proceeds of $9,275. The fair value of the warrants exercised is $0.15. The Company reclassified $4,330 from reserves to share capital on the exercise of these warrants.

vi) Issued 1,000,000 common shares on the exercise of 1,000,000 restricted share units ("RSUs"). The Company reclassified $245,086 from reserves to share capital on the exercise of these RSUs.

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

vii) Issued 20,000,000 common shares at a price of $0.005 per share as Founders shares for aggregate gross proceeds of $100,000;

viii) Issued 39,000,000 common shares at a price of $0.02 per share for aggregate gross proceeds of $780,000;

12. SHARE CAPITAL (cont'd)

b. Issued and outstanding (cont'd)

ix) Recorded $79,936 in share issuance costs related to the issuance of the common shares; and received an advance of $50,000 in private placement subscriptions for a private placement of 5,000,000 common shares at a price of $0.10 per share completed during the year ended December 31, 2021.

c. Escrow

46,000,000 common shares issued to a director of the Company prior to the Transaction are subject to escrow conditions required by applicable securities laws and the CSE requirements.

Pursuant to the Escrow Agreement dated July 20, 2021, 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. As at December 31, 2021, 41,400,000 common shares (2020 – Nil) were subject to escrow.

d. Special Warrants

On December 11, 2020, the accounting acquiree issued 1,000,000 special warrants ("Special Warrant") at a price of $0.05 for a gross proceeds of $50,000. Each special warrant entitled the holder thereof to automatically receive, without payment of additional consideration and without further action on the part of the holder, one common share of the Company. 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. These special warrants are a part of the consideration for the reverse takeover Transaction that occurred on March 23, 2021. The fair value of the special warrants was estimated to be $250,000 based on the fair market value of $0.25 per share.

On April 12, 2021, the 1,000,000 special warrants were exercised into 1,000,000 common shares of the Company. The Company reclassified $250,000 from reserves to share capital on the exercise of these warrants

e. 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.

(Expressed in Canadian Dollars)

12. SHARE CAPITAL (cont'd)

e. Stock options (cont'd)

Stock option transactions are summarized as follows:

	Stock Options Outstanding	Weighted Average Exercise Price
Outstanding, July 23, 2020 and December 31, 2020	–	$ –
Granted	10,400,000	0.11
Forfeited/Cancelled	(600,000)	0.10
Exercised (Note 12(b)(v))	(3,400,000)	0.05
Outstanding, December 31, 2021	6,400,000	$ 0.15

During the year ended December 31, 2021, the Company:

(i) Granted an aggregate of 6,800,000 Replacement Options (Note 5) to certain directors, officers, and consultants of the Company at an exercise price of $0.05 per share expiring on March 23, 2026. The Replacement Options are subject to vesting over a period of two year. The replacement options are treated as a modification of the share-based payment. As fair value of the options at the date of the modification was determined to be similar to the grant date fair value, the was no material incremental fair value recognized as an expense over the period from the modification date to the end of the extended vesting period. The expense for the original option grant will continue to be recognized as if the terms had not been modified.

(ii) Granted 150,000 stock options to an officer of the Company at an exercise price of $0.05 per share expiring on July 26, 2026. These stock options are subject to vesting over a period of six months;

(iii) Granted 2,300,000 stock options to three directors of the Company at an exercise price of $0.265 per share expiring on November 12, 2026. These stock options are subject to vesting over a period of 12 months;

(iv) Granted 1,150,000 stock options to directors, officers and employees of the Company at an exercise price of $0.20 per share expiring on December 1, 2026. These stock options are subject to vesting over a period of 12 months;

(v) Forfeited 550,000 Options and cancelled 50,000 Options granted to two former directors of the Company; and

(vi) Exercised an aggregate of 3,400,000 stock options for total gross proceeds of $170,000 (Note 12(b)(v)).

During the year ended December 31, 2021, the Company recorded share-based compensation of $1,898,937 on the vested portion of the stock options.

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

(Expressed in Canadian Dollars)

12. SHARE CAPITAL (cont'd)

e. Stock options (cont'd)

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:

	December 31, 2021	December 31, 2020
Risk free interest rate (based on government bonds)	0.95%	–
Expected dividend yield	0%	–
Stock price volatility*	154.51%	–
Expected life	4.77 years	–
Exercise price	$ 0.11	–
Share price	$ 0.27	–
Fair value	$ 0.25	–

*Expected volatility has been based on similar publicly traded companies
**Share price based on last share raise prior to July 26, 2021 and Company's market price after July 26, 2021

Share options outstanding and exercisable at December 31, 2021 are summarized as follows:

Number of Options	Exercise Price	Expiry Date	Remaining Life of Options (Years)	Number of Options Exercisable
2,950,000	$ 0.05	March 23, 2026	4.24	575,000
150,000	$ 0.05	July 26, 2026	4.57	75,000
2,150,000	$ 0.265	November 12, 2026	4.87	716,666
1,150,000	$0.20	December 1, 2026	4.92	383,333
6,400,000	$0.15		4.58	1,749,999

f. Warrants

Warrant transactions are summarized as follows:

	Warrants Outstanding	Weighted Average Exercise Price
Outstanding, July 23, 2020 and December 31, 2020	–	$ –
Granted	1,848,400	0.17
Exercised (Note 12(b)(v))	(287,100)	0.12
Outstanding, December 31, 2021	1,561,300	$ 0.18

(Expressed in Canadian Dollars)

12. SHARE CAPITAL (cont'd)

f. Warrants (cont'd)

i) During the year ended December 31, 2021, the Company issued the following warrants:
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 5(c)). The Company recorded a fair value of $125,066 in reserves and share issuance costs.

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 $232,914 on the vested portion of the Replacement Warrants. The replacement warrants are treated as a modification of the share-based payment. As fair value of the options at the date of the modification was determined to be similar to the grant date fair value, the was no material incremental fair value recognized as an expense over the period from the modification date to the end of the extended vesting period. The expense for the original warrant grant will continue to be recognized as if the terms had not been modified.

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

As at December 31, 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	811,300	$0.25	0.22 years
Warrants	February 23, 2026	750,000	$0.10	4.15 years
		1,561,300	$0.18	2.11 years

The fair value of the warrants granted were calculated using the Black-Scholes option pricing model with the following weighted average assumptions (excluding the agent warrants – please see Note 5 for Black-Scholes option pricing model inputs):

	December 31, 2021	December 31, 2020
Risk free rate (based on government bonds)	1.23%	–
Expected dividend yield	0%	–
Stock price volatility*	178.91%	–
Expected life	5 years	–
Exercise price	$ 0.10	–
Share price**	$ 0.25	–
Fair value	$ 0.18	–

*Expected volatility has been based on similar publicly traded companies
** Share price based on last share raise prior to grant date

(Expressed in Canadian Dollars)

12. SHARE CAPITAL (cont'd)

g. 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.

RSU transactions are summarized as follows:

	RSUs Outstanding
Outstanding, July 23, 2020 and December 31, 2020	–
Granted	3,000,000
Forfeited	(2,000,000)
Exercised (Note 12(b)(vi))	(1,000,000)
Outstanding, December 31, 2021	–

During the year ended December 31, 2021, the Company issued 3,000,000 RSUs which convert into a common share to the former Chairman of the Company in connection to the RTO (Note 5). The RSUs are subject to vesting based on the following vesting terms:

- 1,000,000 RSUs vest on the date the shares of the Company are listed on a national Canadian securities exchange (the "Listing Date")
- 1,000,000 RSUs vest on the date which is six months after the Listing Date
- 1,000,000 RSUs vest on the date which is one year after the Listing Date

The RSUs have any expiry of March 23, 2026. On September 14, 2021, 2,000,000 unvested RSUs were forfeited on the resignation of the former Chairman and the vested portion of the RSUs expired on December 13, 2021. During the year, the Company recorded $245,086 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.

13. 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.

(Expressed in Canadian Dollars)

13. RELATED PARTY TRANSACTIONS (cont'd)

The remuneration of the key management personnel during the year ended December 31, 2021 and December 31, 2020 were as follows:

	December 31, 2021	December 31, 2020
Officers remuneration (i)	$ 326,769	$ -
Consulting fees (ii)	127,500	-
Director's fees (iv)	10,000	-
Share-based compensation (v)(vi)	867,674	-
Total	$ 1,331,943	$ -

Transactions with key management and other related party transactions:

(i) During the year ended December 31, 2021, the Company paid or accrued salaries, management fees, health benefits and vehicle allowances totaling $326,769 (2020 - $Nil) to three officers of the Company.

(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. Effective October 1, 2021, this advisory agreement was terminated.

   During the year ended December 31, 2021, the Company paid $90,000 (2020 - $Nil) in consulting fees related 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. Effective October 1, 2021, this advisory agreement was terminated.

   During the year ended December 31, 2021, the Company paid $37,500 (2020 - $Nil) in consulting fees pursuant to this agreement.

(iii) During the year ended December 31, 2021, the Company earned revenues totalling $177,940 from, and paid rent and office costs totalling $36,000 and $24,000, to Foodfest International 2000 Inc. ("Foodfest"), is a company whose CEO is a director and significant shareholder of the Company.

As at December 31, 2021, $124,956 (2020 - $Nil) was included in trade and other receivables for the sale of food products and cash advances to Foodfest.

During the year ended December 31, 2021, the Company purchased inventory totalling $121,438 (2020 - $Nil) from Foodfest.

(iv) During the year ended December 31, 2021, the Company paid $10,000 (2020 - $Nil) to a company controlled by the chairman of the board of the Company for director fees.

(Expressed in Canadian Dollars)

13. RELATED PARTY TRANSACTIONS (cont'd)

(v) During the year ended December 31, 2021, share based compensation expense of $622,588 (2020 - $Nil) was recorded on the vested portion of 4,400,000 stock options granted to directors and officers of the Company.

(vi) During the year ended December 31, 2021, share based compensation expense of $245,086 (2020 - $Nil) was recorded on 1,000,000 vested RSUs granted to the Chairman of the Company.

(vii) As at December 31, 2021, $698,738 (2020 - $86,241) was due to 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 year ended December 31, 2021, the Company purchased inventory totalling $820,701 (2020 - $86,241) from Naknik.

14. INCOME TAXES

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

	2021	2020
Loss for the year	$ (7,973,688)	$ (10,149)
Statutory tax rate	26.9%	26.5%
Expected income tax recovery at statutory rate	$ (2,144,922)	$ (2,689)
Permanent differences	1,251,658	-
Share issue cost	(66,560)	-
Expenses not deductible for tax purposes and other	959,824	2,689
Income tax expense recovery	$ -	$ -

The components of unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset has been recognized are as follows:

	2021	Expiry Date Range	2020	Expiry Date Range
Temporary Differences				
Property and equipment	230,000	No expiry date	-	No expiry date
Share issue costs	203,000	2022 to 2025	-	-
Non-capital losses available for future period	3,024,000	2040 to 2041	10,149	2040

(Expressed in Canadian Dollars)

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, trade and other receivables, accounts payables and accrued liabilities, and note payable. 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. The Company is exposed to credit risk from its operating activities (primarily trade and other receivables) and from its financing activities, including cash and short term investments with banks and financial institutions and advances to suppliers.

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.

The following table summarizes the amount of contractual undiscounted future cash flow requirements for financial liabilities as at December 31, 2021 is as follows:

Contractual obligations	**Within 1 year**	**Between 1 and 5 years**	**Over 5 years**	**Total**
Accounts payable and accrued liabilities	$ 1,421,574	$ -	$ -	$ 1,421,574
Deferred Revenue	1,231,902	-	-	1,231,902
Long-term debt	722,956	1,805,005	-	2,527,961
Total Contractual obligations	**$ 3,376,432**	**$ 1,805,005**	**$ -**	**$ 5,181,437**

As at December 31, 2021, the Company had cash and cash equivalents of $2,502,910 (2020 - $839,657), and current liabilities of $3,376,432 (2020 - $96,390). Management will need to raise additional funds in order to continue operations.

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.

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

(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 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.

16. 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 $4,526,326 at December 31, 2021 (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 is not subject to any externally imposed capital requirements.

17. CONTINGENT LIABILITIES

From time to time, the Company and/or its subsidiary may become defendants in legal actions and the Company intends to defend itself vigorously against all legal claims. Management is not aware of any claims against the Company that could reasonably be expected to have a materially adverse impact on the Company's consolidated financial position, results of operations or the ability to carry on any of its business activities.

On September 24, 2021, Impossible Foods Inc. ("IFI") alleged that the Company violated IFI's trademark rights. On October 20, 2021, Zoglo's responded to IFI to deny that it had violated any trademark rights. The likelihood that IFI pursues a claim and the value of IFI's possible claim are undetermined. The likelihood of success if IFI pursues a claim is also uncertain. No amounts have been accrued as the outcome is not yet determinable.

18. SUBSEQUENT EVENTS

i) In January 2022, the Company entered into an advisory services agreement with Boom Capital Markets Inc. and granted Boom Capital 150,000 stock options at an exercise price of $0.25 per share expiring on January 1, 2027, subject to vesting provisions. The advisory services were terminated in March 2022 and the options were subsequently cancelled.

ii) On February 9, 2022, the Company issued 75,000 common shares to a consultant on exercise of 75,000 stock options for gross proceeds of $3,750.

iii) On February 23, 2022, the Company granted 50,000 stock options to a consultant of the Company at an exercise price of $0.20 per share expiring on February 23, 2025, subject to vesting provisions.