



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

Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2022 and 2021

(Expressed in Canadian Dollars – Unaudited)

ZOGLO'S INCREDIBLE FOOD CORP.

(FORMERLY 1258481 B.C. 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.

November 28, 2022

ZOGLO'S INCREDIBLE FOOD CORP.

(FORMERLY 1258481 B.C. LTD.)

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

	Notes		As at September 30, 2022 (unaudited)		As at December 31, 2021 (audited)
ASSETS					
Current Assets					
Cash and cash equivalents	6	\$	17,818	\$	2,502,910
Trade and other receivables	7		575,109		400,979
Inventories	8		637,287		2,279,899
Advance to supplier			113,200		215,010
Prepaid Expenses	9		91,000		68,915
			1,434,414		5,467,713
Intangible assets	10		3,820,124		4,147,564
Equipment	10		75,933		91,464
		\$	5,330,471	\$	9,706,741
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	13(iii)(vii)	\$	171,909	\$	1,421,574
Deferred revenue			-		1,231,902
Due to related parties	13(ix)(x)		297,029		-
Note payable, current	11		951,844		722,956
			1,420,782		3,376,432
Note payable	11		1,305,005		1,805,005
			2,725,787		5,181,437
EQUITY					
Share Capital	12		11,172,705		11,152,189
Reserves	12		1,785,801		1,356,952
Deficit			(10,353,822)		(7,983,837)
			2,604,684		4,525,304
		\$	5,330,471	\$	9,706,741

Nature and continuance of business (Note 1)

Contingent liabilities (Note 16)

Subsequent events (Note 17)

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

ZOGLO'S INCREDIBLE FOOD CORP.

(FORMERLY 1258481 B.C. LTD.)

Condensed Consolidated Interim Statement of Operations and Comprehensive Loss

For the nine months ended September 30, 2022 and 2021

(Expressed in Canadian Dollars - Unaudited)

	Notes	Three months ended September 30,		Nine months ended September 30,	
		2022	2021	2022	2021
Sales	13	\$ 166,667	\$ 1,687,686	\$ 1,983,608	\$ 1,826,006
Cost of sales		(83,962)	(1,356,348)	(1,959,849)	(1,484,978)
GROSS PROFIT		82,705	331,338	23,759	341,028
OPERATING EXPENSES					
Accretion expense	11	67,135	37,753	228,888	37,753
Consulting	13	33,177	84,463	144,195	201,926
Depreciation	10	120,082	109,676	360,244	110,206
Foreign exchange loss		12,684	1,653	14,033	14,961
Investor relations		7,083	547,875	76,569	550,073
Marketing		59,177	209,160	284,982	312,526
Office and miscellaneous		77,680	47,950	258,031	86,085
Professional fees		17,153	115,623	116,683	139,925
Regulatory and transfer agent fees		7,032	36,258	32,145	36,258
Rent	13	6,000	11,100	19,000	35,400
Share based compensation	12	63,235	415,474	445,615	1,892,205
Travel		7,972	17,760	24,300	24,796
Wages and benefits	13	92,366	80,015	389,304	197,333
		(570,776)	(1,714,760)	(2,393,989)	(3,639,447)
NET LOSS BEFORE OTHER ITEMS		(488,071)	(1,383,422)	(2,370,230)	(3,298,419)
OTHER ITEMS					
Interest income		-	1,327	245	4,858
Listing Expense	5	-	-	-	(2,480,193)
		-	1,327	245	(2,475,355)
Net and comprehensive loss for the period		\$ (488,071)	\$ (1,382,095)	\$ (2,369,985)	\$ (5,773,774)
Earnings per share					
- basic and diluted		\$ (0.00)	\$ (0.02)	\$ (0.02)	\$ (0.07)
Weighted average number of shares outstanding					
- basic and diluted		104,262,100	80,377,444	104,251,386	78,496,491

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ZOGLO'S INCREDIBLE FOOD CORP.

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

	Note	Share Capital		Reserves (Note 13)	Subscriptions	Special Warrants	Deficit	Total equity
		Number of Shares	Amount					
Balance, December 31, 2020		59,000,000	\$ 800,064	\$ -	\$ 50,000	\$ -	\$ (10,149)	\$ 839,915
Common shares issued for cash	12(b)(i)	32,000,000	7,250,000	-	(50,000)	-	-	7,200,000
Share issuance costs	12(b)(i)	-	(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)	-	-	143,959	-	-	-	143,959
Share-based compensation	12(e)	-	-	1,503,161	-	-	-	1,503,161
Share-based compensation on RSUs	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)	3,400,000	1,092,331	(922,331)	-	-	-	170,000
Exercise of warrants	12(b)(v)	287,100	99,405	(65,130)	-	-	-	34,275
Net loss for the period		-	-	-	-	-	(5,773,774)	(5,773,774)
Balance, September 30, 2021		103,187,100	10,994,599	1,029,811	-	-	(5,783,923)	6,240,487
Exercise of restricted share units	12(b)(vi)	1,000,000	245,086	(245,086)	-	-	-	-
Exercise of options		-	(87,496)	87,496	-	-	-	-
Warrants issued for consulting services	12(f)	-	-	27,815	-	-	-	27,815
Share-based compensation	12(e)	-	-	456,917	-	-	-	456,917
Net loss for the period		-	-	-	-	-	(2,199,914)	(2,199,914)
Balance, December 31, 2021		104,187,100	11,152,189	1,356,953	-	-	(7,983,837)	4,525,305
Exercise of options	12(b)	75,000	20,516	(16,766)	-	-	-	3,750
Warrants issued for consulting services	12(f)	-	-	8,615	-	-	-	8,615
Share-based compensation	12(e)	-	-	436,999	-	-	-	436,999
Net loss for the period		-	-	-	-	-	(2,369,985)	(2,369,985)
Balance, September 30, 2022		104,262,100	\$ 11,172,705	\$ 1,785,801	\$ -	\$ -	(10,353,822)	\$ 2,604,684

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

ZOGLO'S INCREDIBLE FOOD CORP.

(FORMERLY 1258481 B.C. LTD.)

Condensed Consolidated Interim Statement of Cash Flows

For the nine months ended September 30, 2022 and 2021

(Expressed in Canadian Dollars - Unaudited)

	Note	For the nine months ended September 30,	
		2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the period		\$ (2,369,985)	\$ (5,773,774)
Items not affecting cash:			
Depreciation	10	360,244	110,206
Accretion on note payable	11	228,888	37,753
Share-based compensation	12(e),(f)	445,615	1,892,205
Listing expense	5	-	2,027,008
		(1,335,238)	(1,706,602)
Changes in non-cash working capital items:			
Receivables		(174,130)	(1,877,034)
Inventories	9	1,642,612	(353,816)
Prepaid expenses		(22,085)	(180,526)
Trades payable and accrued liabilities		(1,249,665)	943,644
Deferred revenue		(1,231,902)	-
Due to related parties		297,029	-
Net cash used in operating activities		(2,073,379)	(3,174,334)
CASH FLOWS FROM INVESTING ACTIVITIES			
Deferred charges		-	125,066
Intangible assets		-	(2,000,000)
Purchase of equipment	10	(17,273)	(4,710)
Net cash used in investing activities		(17,273)	(1,879,644)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issuance of shares	12	-	7,032,074
Proceeds from exercise of stock options	12	3,750	-
Proceeds from subscription receipts	12	-	(3,845,000)
Advances made to supplier		101,810	-
Repayment of note payable	11	(500,000)	-
Net cash acquired on reverse takeover	5	-	3,965,960
Net cash from (used in) financing activities		(394,440)	7,153,034
Change in cash		(2,485,092)	2,099,056
Cash, beginning of period		2,502,910	839,657
Cash, end of period		\$ 17,818	\$ 2,938,713
Cash paid for interest		\$ -	\$ -
Cash paid for taxes		\$ -	\$ -
Supplemental cash flow information:			
Fair value of agent warrants issued on RTO	5,12(b)(iv)	\$ -	\$ 125,066
Reclassification of fair value on exercised stock options and warrants	12(b)	\$ 16,766	\$ 987,461

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ZOGLO'S INCREDIBLE FOOD CORP.

(FORMERLY 1258481 B.C. LTD.)

Notes to Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2022

(Expressed in Canadian Dollars - Unaudited)

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 nine months ended September 30, 2022, the Company reported a net loss of \$2,369,985 (September 30, 2021 - \$5,773,774). As at September 30, 2022, the Company had working capital

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Notes to Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian Dollars - Unaudited)

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

Going concern (cont'd)

of \$13,632 (December 31, 2021 - \$2,091,281) and an accumulated deficit of \$10,353,822 (December 31, 2021 - \$7,983,837). 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 November 28, 2022 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, 2021 audited financial statements. It is therefore recommended that these condensed consolidated interim financial statements be read in conjunction with the Company's December 31, 2021 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 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.

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2. BASIS OF PRESENTATION (cont'd)

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.

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 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 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.

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.

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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
Other equipment	20%	Declining balance method
Brands	10 years	Straight-line method

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4. SIGNIFICANT ACCOUNTING POLICIES

Recent accounting pronouncements

The adoption of the following standards and interpretations are not expected to have a material effect on the Company's future results and financial position:

Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)

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

Accounting standard issued but not yet effective

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2023.

Certain other 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).

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

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.

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

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

- 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).
- 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.

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Notes to Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2022

(Expressed in Canadian Dollars - Unaudited)

6. CASH AND CASH EQUIVALENTS

	September 30, 2022	December 31, 2021
Cash	\$ 17,818	\$ 2,257,474
Short term investment	-	245,436
	\$ 17,818	\$ 2,502,910

The short-term investment consists 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 September 30, 2022, the Company held \$Nil (December 31, 2021 - \$245,436) in the GIC investment including accrued interest of \$Nil (December 31, 2021 - \$436).

7. TRADE AND OTHER RECEIVABLES

	September 30, 2022	December 31, 2021
Government sales tax credits	\$ 164,213	\$ 206,814
Trade receivables (Note 13(iii))	410,896	194,165
	\$ 575,109	\$ 400,979

8. INVENTORIES

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

	September 30, 2022	December 31, 2021
Opening inventory	\$ 2,279,899	\$ 86,241
Purchases	564,175	3,138,730
Cost of sales	(2,206,787)	(945,072)
Closing inventory	\$ 637,287	\$ 2,279,899

During the nine months ended September 30, 2022, there were no inventory write downs to net realisable value (December 31, 2021 - \$Nil).

9. PREPAID EXPENSES

	September 30, 2022	December 31, 2021
Prepaid services	\$ 91,000	\$ 51,915
Prepaid insurance	-	17,000
	\$ 91,000	\$ 68,915

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10. EQUIPMENT AND INTANGIBLE ASSET

	Other Equipment	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	21,719	102,844	4,365,856	4,468,700
Additions	17,273	-	-	17,273	-	17,273
At September 30, 2022	\$ 17,273	\$ 81,125	\$ 21,719	\$ 120,117	\$ 4,365,856	\$ 4,485,973
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
Depreciation	1,846	24,367	6,591	32,804	327,440	360,244
At September 30, 2022	\$ 1,846	\$ 32,490	\$ 9,848	\$ 44,184	\$ 545,732	\$ 589,916
Balance						
As December 31, 2021	\$ -	\$ 73,002	\$ 18,462	\$ 91,464	\$ 4,147,564	\$ 4,239,028
As September 30, 2022	\$ 15,427	\$ 48,635	\$ 11,871	\$ 75,933	\$ 3,820,124	\$ 3,896,057

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. On June 30, 2022, Naknik agreed to defer the instalment payment of \$500,000 due on July 15, 2022 by six months and will be added to the next instalment payment for a total of \$1,000,000 due on January 15, 2023.

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.

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10. EQUIPMENT AND INTANGIBLE ASSET (cont'd)

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

	September 30, 2022	December 31, 2021
Opening balance for the period	\$ 2,527,961	\$ –
Issued on July 15, 2021	–	2,365,856
Payments	(500,000)	–
Accretion	228,888	162,105
Ending balance for the period	\$ 2,256,849	\$ 2,527,961
Current portion	\$ 951,844	\$ 722,956
Long-term portion	\$ 1,305,005	\$ 1,805,005

12. SHARE CAPITAL

a. Authorized

Unlimited number of common shares without par value.

b. Issued and outstanding

During the nine months ended September 30, 2022, the Company issued 75,000 common shares on the exercise of 75,000 stock options at an exercise price of \$0.05 per share for gross proceeds of \$3,750. The Company reclassified \$16,766 from reserves to share capital on the exercise of these options.

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)).

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12. SHARE CAPITAL (cont'd)

b. Issued and outstanding (cont'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(c)). 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.

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 September 30, 2022, 27,600,000 common shares (December 31, 2021 – 41,400,000) 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 proceed 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

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12. SHARE CAPITAL (cont'd)

d. Special Warrants (cont'd)

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

During the nine months ended September 30, 2022, there were no special warrants issued.

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.

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
Granted	200,000	0.24
Forfeited/Cancelled	(150,000)	0.25
Exercised (Note 12(b))	(75,000)	0.05
Outstanding, September 30, 2022	6,375,000	\$ 0.15

During the nine months ended September 30, 2022, the Company:

- (i) Granted 150,000 stock options to a consultant of the Company at an exercise price of \$0.25 per share expiring January 1, 2027, subject to vesting provisions, in connection to an advisory service agreement. The stock options are subject to vesting over a period of 9 months. On March 20, 2022, the advisory services were terminated and 100,000 unvested stock options were cancelled. The remaining 50,000 vested stock options was expired on April 19, 2022.

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12. SHARE CAPITAL (cont'd)

e. Stock options (cont'd)

- (ii) Granted 50,000 stock options to a consultant of the Company at an exercise price of \$0.20 per share expiring February 23, 2025. The stock options are subject to vesting over a period of 12 months.

During the nine months ended September 30, 2022, the Company recorded share-based compensation of \$436,999 (2021 - \$1,503,161) on the vested portion of the stock options.

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, there 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.

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.

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12. SHARE CAPITAL (cont'd)

e. Stock options (cont'd)

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

	September 30, 2022	September 30, 2021
Risk free interest rate (based on government bonds)	1.36%	0.83%
Expected dividend yield	0%	0%
Stock price volatility*	150.86%	157.16%
Expected life	4.88 years	4.75 years
Fair value	\$ 0.20	\$ 0.27

*Expected volatility has been based on similar publicly traded companies

Share options outstanding and exercisable at September 30, 2022 are summarized as follows:

Number of Options	Exercise Price	Expiry Date	Remaining Life of Options (Years)	Number of Options Exercisable
2,875,000	\$ 0.050	March 23, 2026	3.49	2,875,000
150,000	\$ 0.050	July 26, 2026	3.82	150,000
2,150,000	\$ 0.265	November 12, 2026	4.12	1,433,332
1,150,000	\$ 0.200	December 1, 2026	4.17	816,666
50,000	\$ 0.200	February 23, 2025	2.40	35,000
6,375,000	\$ 0.150		3.82	5,309,998

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
Expired	(811,300)	0.25
Outstanding, September 30, 2022	750,000	\$ 0.10

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12. SHARE CAPITAL (cont'd)

f. Warrants (cont'd)

During the nine months ended September 30, 2022, the Company recorded share-based compensation of \$8,615 (2021 - \$143,959) on the vested portion of the warrants issued for consulting services.

During the year ended December 31, 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 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, there 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.

As at September 30, 2022, the following warrants were outstanding:

	Expiry Date	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life
Warrants	February 23, 2026	750,000	\$0.10	3.40 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):

	September 30, 2022	September 30, 2021
Risk free rate (based on government bonds)	1.59%	0.54%
Expected dividend yield	0%	0%
Stock price volatility*	144.88%	159.90%
Expected life	4 years	3.32 years
Fair value	\$ 0.21	\$ 0.20

*Expected volatility has been based on similar publicly traded companies

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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 and September 30, 2022	–

During the nine months ended September 30, 2022, there were no RSUs granted nor share-based compensation recorded.

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.

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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.

The remuneration of the key management personnel during the nine months ended September 30, 2022 and 2021 were as follows:

	September 30, 2022	September 30, 2021
Officers remuneration (i)	\$ 411,464	\$ 191,866
Consulting fees (ii)	17,000	127,500
Director's fees (iv)	24,233	-
Share-based compensation (v)(vi)	388,639	461,489
Total	\$ 841,336	\$ 780,855

Transactions with key management and other related party transactions:

(i) During the nine months ended September 30, 2022, the Company paid or accrued salaries, management fees, health benefits and vehicle allowances totaling \$411,464 (2021- \$191,866) to three officers of the Company.

(ii) The Company entered into the 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 nine months ended September 30, 2022, the Company paid \$Nil (2021 - \$90,000) 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 nine months ended September 30, 2022, the Company paid \$Nil (2021 - \$37,500) in consulting fees pursuant to this agreement.

c. with Professional Retailing Inc., a company controlled by the former CEO, for consulting services with respect to packaging, marketing and product advisory services in exchange for \$102,000 per year, payable monthly. The advisory agreement is for a term of one year and will automatically renew annually unless terminated.

During the nine months ended September 30, 2022, the Company paid or accrued \$17,000 (2021 - \$nil) in consulting fees pursuant to this agreement.

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13. RELATED PARTY TRANSACTIONS (cont'd)

(iii) During the nine months ended September 30, 2022, the Company had the following transactions with Foodfest International 2000 Inc., a company whose former CEO is a director and significant shareholder of the Company:

- a. earned revenues totalling \$251,083 (2021 - \$138,321);
- b. paid rent and office costs totalling \$9,000 and \$12,316 (2021 – rent of \$18,000 and office costs of \$12,000); and
- c. purchased inventory totaling \$Nil (December 31, 2021 - \$121,438).

As at September 30, 2022, \$22,845 (December 31, 2021 - \$124,956) was included in trade and other receivables for the sale of food products to Foodfest. In addition, as at September 30, 2022, \$285 (December 31, 2021 - \$Nil) was included in accounts payable and accrued liabilities for expense charge backs to the Company.

- (iv) During the nine months ended September 30, 2022, the Company paid \$24,233 (2021 - \$Nil) to a company controlled by the chairman of the board of the Company and a director of the Company for director fees.
- (v) During the nine months ended September 30, 2022, share based compensation expense of \$388,639 (2021 - \$216,403) was recorded on the vested portion of the stock options granted to directors and officers of the Company.
- (vi) During the nine months ended September 30, 2022, share based compensation expense of \$Nil (2021 - \$245,086) was recorded on RSUs granted to the former Chairman of the Company.
- (vii) During the nine months ended September 30, 2022, the Company paid \$24,075 (2021 - \$Nil) in accounting and bookkeeping fees to a company partially owned by the former CFO.
- (viii) As at September 30, 2022, \$nil (December 31, 2021 - \$698,738) 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 nine months ended September 30, 2022, the Company purchased inventory totalling \$564,175 (2021 - \$820,701) from Naknik.
- (ix) During the nine months ended September 30, 2022, the Company received a short-term loan of \$197,029 from a director of the Company in connection with the advanced payment of inventory purchased from Naknik. The loan was fully repaid subsequent to the period ended September 30, 2022.
- (x) During the nine months ended September 30, 2022, the Company entered into a 90-day promissory note for an operational loan of \$100,000 from the spouse of a director of the Company. On maturity date, the Company will repay the principal amount plus interest of \$5,000.

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14. 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 September 30, 2022 is as follows:

Contractual obligations	Within 1 year	Between 1 and 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	\$ 171,909	\$ -	\$ -	\$ 171,909
Due to related parties	297,029	-	-	297,029
Long-term debt	951,844	1,305,005	-	2,256,849
Total Contractual obligations	\$ 1,420,782	\$ 1,305,005	\$ -	\$ 2,725,787

As at September 30, 2022, the Company had cash and cash equivalents of \$17,818 (December 31, 2021 - \$2,502,910), and current liabilities of \$1,420,782 (December 31, 2021 - \$3,376,432). 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.

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14. 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.

15. 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 \$2,604,684 at September 30, 2022 (December 31, 2021 - \$4,525,304).

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.

16. 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.

ZOGLO'S INCREDIBLE FOOD CORP.

(FORMERLY 1258481 B.C. LTD.)

Notes to Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2022

(Expressed in Canadian Dollars - Unaudited)

17. SUBSEQUENT EVENTS

- (i) On October 1, 2022, the Company granted 150,000 stock options to an officer of the Company at an exercise price of \$0.08 per share expiring on October 1, 2026. These stock options are subject to vesting over a period of 18 months; and
- (ii) On November 4, 2022, the Company granted 2,000,000 stock options to a director of the Company at an exercise price of \$0.05 per share expiring on November 4, 2027. These stock options are vesting immediately.
- (iii) On November 15, 2022, the Company cancelled 2,000,000 stock options previously granted to a director of the Company on November 26, 2021 at an exercise price of \$0.265 per share which was voluntarily forfeited.