ZOGLO'S FOOD CORP.
(FORMERLY ZOGLO'S INCREDIBLE FOOD CORP.)

Consolidated Financial Statements

Years ended December 31, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise stated)

ZOGLO'S FOOD CORP.

(FORMERLY ZOGLO'S INCREDIBLE FOOD CORP.)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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Independent Auditor's Report

To the Shareholders of Zoglo’s Food Corp.

Opinion

We have audited the consolidated financial statements of Zoglo’s Food Corp. (formerly “Zoglo’s Incredible Food Corp.”) (the “Company”), which comprise the consolidated statements of financial position as at December 31, 2023 and the consolidated statements of loss and comprehensive loss, changes in equity (deficit) and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company incurred a net loss of $425,359 during the year ended December 31, 2023 and, as of that date, the Company's had a working capital deficit of $652,071, and an accumulated deficit of $14,115,930. These events or conditions, along with other matters as set forth in Note 1, indicate 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.

Key Audit Matters

Key audit matters are those matters, that in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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1500 - 1140 West Pender St. Vancouver, BC V6E 4G1 604.687.4747	200 - 1688 152 St. Surrey, BC V4A 4N2 604.531.1154	700 - 2755 Lougheed Hwy Port Coquitlam, BC V3B 5Y9 604.941.8266	320 - 730 View St. Victoria, BC V8W 3Y7 250.800.4694

Except for the matter described in Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Other Matter

The financial statements of the Company for the year ended December 31, 2022, were audited by another auditor who expressed an unmodified opinion on those statements on May 1, 2023.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. 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. We have nothing to report in this regard.

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

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Rakesh Patel.

DMCL.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

April 29, 2024

ZOGLO'S FOOD CORP.
(FORMERLY ZOGLO'S INCREDIBLE FOOD CORP)

Consolidated Statements of Financial Position
(Expressed in Canadian dollars, unless otherwise stated)

	Notes		**December 31, 2023**		December 31, 2022
ASSETS					
Current assets					
Cash		$	**39,724**	$	-
Trade and other receivables	6		**17,276**		252,752
Inventories	7		**-**		41,104
Prepaid expenses			**-**		7,301
			57,000		301,157
Equipment	8,13		**-**		58,402
		$	**57,000**	$	359,559
LIABILITIES					
Current liabilities					
Bank indebtedness		$	**-**	$	3,403
Accounts payable and accrued liabilities	9,13		**364,022**		761,750
Deferred revenue			**-**		41,104
Due to related parties	13		**305,049**		123,499
Loan payable	11		**40,000**		-
			709,071		929,756
SHAREHOLDERS' DEFICIT					
Share Capital	12		**11,541,948**		11,232,705
Reserves	12		**1,921,911**		1,887,669
Deficit			**(14,115,930)**		(13,690,571)
			(652,071)		(570,197)
		$	**57,000**	$	359,559

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

Director: Rubert Dubeau

Director: Hari Varshney

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

ZOGLO'S FOOD CORP.
(FORMERLY ZOGLO'S INCREDIBLE FOOD CORP)
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars, unless otherwise stated)

	Notes		For the year ended December 31, **2023**		2022
OPERATING EXPENSES					
Consulting	13	**$**	**4,000**	**$**	99,771
Investor relations			**3,701**		-
Marketing			**-**		82,018
Office and miscellaneous	13		**97,621**		125,041
Professional fees	13		**47,965**		101,654
Regulatory and transfer agent fees			**27,927**		38,749
Rent	13		**9,000**		-
Share-based compensation	12 ,13		**34,242**		547,483
Total operating expenses			**(224,456)**		(994,716)
OTHER ITEMS					
Interest income			**539**		245
Gain of settlement of payables			**5,125**		-
			5,664		245
Net and comprehensive loss from continuing operations			**(218,792)**		(994,471)
Net and comprehensive loss from discontinued operations	5		**(206,567)**		(4,712,263)
Net and comprehensive loss	16	**$**	**(425,359)**	$	(5,706,734)
Basic and diluted loss per common share					
Continuing operations		**$**	**(0.10)**	$	(0.48)
Discontinued operations			**(0.10)**		(2.26)
		$	**(0.20)**	$	(2.74)
Weighted average number of shares outstanding					
- basic and diluted			**2,138,739**		2,086,139

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

ZOGLO'S FOOD CORP.
(FORMERLY ZOGLO'S INCREDIBLE FOOD CORP)

Consolidated Statement of Changes in Equity (Deficit)
(Expressed in Canadian dollars, unless otherwise stated)

	Share Capital								
	Number of Shares		Amount		Reserves		Deficit		Total Equity / (Deficiency)
Balance, December 31, 2021	**2,083,742**	**$**	**11,152,189**	**$**	**1,356,952**		**(7,983,837)**		**4,525,304**
Exercise of options	1,500		20,516		(16,766)		-		3,750
Warrants issued for consulting services	-		-		8,615		-		8,615
Common shares issued for cash	38,585		60,000		-		-		60,000
Share-based compensation	-		-		538,868		-		538,868
Net loss for the year	-		-		-		(5,706,734)		(5,706,734)
Balance, December 31, 2022	**2,123,827**		**11,232,705**		**1,887,669**		**(13,690,571)**		**(570,197)**
Shares issued for debt settlement	61,849		309,243		-		-		309,243
Share-based compensation	-		-		34,242		-		34,242
Net loss for the year	-		-		-		(425,359)		(425,359)
Balance, December 31, 2023	**2,185,676**	**$**	**11,541,948**	**$**	**1,921,911**	**$**	**(14,115,930)**	**$**	**(652,071)**

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

ZOGLO'S FOOD CORP.
(FORMERLY ZOGLO'S INCREDIBLE FOOD CORP)

Consolidated Statements of Cash Flows
(Expressed in Canadian dollars, unless otherwise stated)

	Note		For the year ended December 31, 2023		2022
CASH FLOWS FROM OPERATING ACTIVITIES					
Net loss from continued operations for the year		**$**	**(218,792)**	$	(994,471)
Items not affecting cash:					
Share-based compensation	12		**34,242**		547,483
Gain on settlement of payables			**(5,125)**		-
			(189,675)		(446,988)
Changes in non-cash working capital items:					
Trade and other receivables			**96,259**		(41,243)
Prepaid expenses			**2,301**		32,366
Trades payable and accrued liabilities			**(36.574)**		(21,416)
Due to related parties			**137,571**		-
Net cash provided by (used in) operating activities			**9,882**		(477,281)
CASH FLOWS FROM FINANCING ACTIVITIES					
Shares issued for debt settlement	12,13		**309,243**		-
Proceeds from exercise of stock options	12		**-**		3,750
Net proceeds from issuance of private placement	12		**-**		60,000
Proceeds from loan payable	11		**40,000**		-
Net cash provided by financing activities			**349,243**		63,750
Net cash flows from continuing operations			**359,127**		(413,531)
Net cash flows used in discontinued operations			**(319,403)**		(2,089,379)
Change in cash			**39,724**		(2,502,910)
Cash, beginning of year			**-**		2,502,910
Cash, end of year		**$**	**39,724**	$	-
Cash paid for interest		**$**	**-**	$	-
Cash paid for taxes		**$**	**-**	$	-
Supplemental cash flow information:					
Reclassification of fair value on exercised stock options	12	**$**	**-**	$	16,766

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

1. NATURE AND CONTINUANCE OF BUSINESS

Reporting entity

Zoglo's Food Corp. (the "Company") was incorporated and registered as 1258481 B.C. Ltd under the laws of the Province of British Columbia on July 23, 2020. On February 28, 2023, the Company changed its name to "Zoglo's Food Corp".

The Company was a plant-based food company that was in the business of designing, developing, producing, distributing, and selling plant-based meat alternative products. In June 2023, the Company suspended the operations of its plant-based business as a result of declining sales in the industry. The operations of its subsidiary have been accounted as a discontinued operation. (Note 5). The Company is currently undergoing a reorganization of the Company.

On December 5, 2023, the Company consolidated its share capital on a ratio of one (1) new post-consolidated common share for every ten (50) old pre-consolidated common shares. All shares and per share references in these consolidated financial statements have been retroactively restated accordingly unless noted otherwise.

The Company's common shares are listed on the Canadian Securities Exchange ("CSE") trading under the symbol "ZOG". On November 4, 2021, the Company's shares were accepted for listing and commenced trading on the Frankfurt Stock Exchange under the symbol "7UT". On May 5, 2023, the Company changed its trading symbol to "KX9" on the Frankfurt Stock Exchange.

The Company's head office and principal address is Suite 2050-1055 West Georgia Street, PO Box 11121, Royal Centre, Vancouver, BC V6E 3P3. The registered and records office is Suite 1500-1055 West Georgia Street, Vancouver, BC, V6E 4N7.

Going concern

These consolidated financial statements have been prepared on a going concern basis, which assumes that the future operations will allow for the realization of assets and the discharge of liabilities in the normal course of business. These consolidated financial statements do not include any adjustments to the carrying value and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern, and such adjustments could be material.

The Company reported a consolidated net loss of $425,359 for the year ended December 31, 2023 (2022 - $5,706,734). As at December 31, 2023, the Company had a working capital deficit of $652,071 and an accumulated deficit of $14,115,930.

These circumstances create material uncertainties that cast significant doubt as to the ability of the Company to continue as a going concern and, hence, as to the appropriateness of the use of accounting principles applicable to a going concern. The Company will be dependent on additional financing to meet its operating requirements over the next twelve months. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due.

2. BASIS OF PRESENTATION

These consolidated financial statements were authorized for issue on April 29, 2024 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").

Functional and presentation currencies

These consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company and its 100% owned subsidiary, Zoglo's Food Inc. (formerly Zoglo's Incredible Food Inc.) ("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 the consolidated statements of loss and comprehensive loss.

Basis of presentation and consolidation

These consolidated financial statements have been prepared on a historical cost basis, as explained in the accounting policies set out in Note 4.

These consolidated financial statements include accounts of the Company and its wholly owned subsidiary, 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.

In June 2023, the Company suspended operations in the plant-based food business.

The Comparative consolidated statement of loss and comprehensive loss has been restated to show the discontinued operation separately from continuing operations.

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:

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures and to meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Share-based payments

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

The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of share-based payments expense.

Revenue recognition

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

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

Impairment testing and recoverability of long-lived assets

Long-lived assets are reviewed annually for impairment, or more frequently when there are indicators that impairment may have occurred, by comparing the carrying value to their recoverable amounts. The recoverable amounts of the cash generating unit ("CGU") were estimated based on an assessment of value in use using a discounted cash flow approach and fair value less costs to sell. The approach uses cash flow projections based upon a financial forecast approved by management, covering a two to three-year period. Cash flows for the years thereafter are extrapolated using the estimated terminal growth rate for value in use for impairment analysis. Cash flows for the terminal period for fair value less costs to sell impairment analysis is determined using an existing multiple. The risk premiums expected by market participants related to uncertainties about the industry and assumptions relating to future cash flows may differ or change quickly, depending on economic conditions and other events. The determination of a CGU is based on management's judgment and is an assessment of the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

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.

Inventory obsolescence

Inventories are stated at the lower of cost and estimated net realizable value. The Company estimates net realizable value as the amount at which inventories are expected to be sold, taking into consideration fluctuations in retail prices less estimated costs necessary to make the sale. Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage, or declining selling prices.

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

Provisions

Provisions are recognized when the Company has a present obligation, legal or constructive, as a result of a previous event, if it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the obligation. The amount recognized is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligations. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate of the expected future cash flows.

Contingencies

Contingencies can be either possible assets or possible liabilities arising from past events, which, by their nature, will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence and potential impact of contingencies inherently involves the exercise of significant judgment and the use of estimates regarding the outcome of future events.

Functional currency

Determining the appropriate functional currencies for entities in the Company requires analysis of various factors, including the currencies and country-specific factors that mainly influence sales prices, and the currencies that mainly influence l materials, and other costs of providing goods or services.

4. MATERIAL ACCOUNTING POLICIES

Financial instruments

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

Financial assets	
Cash	Amortized cost
Trade and other receivables	Amortized cost
Financial liabilities	
Accounts payable	Amortized cost
Loan payable	Amortized cost
Due to related parties	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.

4. MATERIAL ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

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. MATERIAL 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.

4. MATERIAL ACCOUNTING POLICIES (cont'd)

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.

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.

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 and amortization are 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

Intangible asset

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

Intangible asset with finite useful lives are amortized over the useful economic life and assessed for impairment whenever there are any indicators 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 asset with finite lives is recognized in the consolidated statements of loss and comprehensive loss.

Impairment of equipment and intangible asset

At each reporting date, the Company reviews the carrying amounts of its equipment and intangible asset to determine whether there are any indicators that those assets have suffered an impairment loss. If any such indicators exist, 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

4. MATERIAL ACCOUNTING POLICIES (cont'd)

Impairment of equipment and intangible asset (cont'd)

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 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.

An impairment loss is only reversed if there is are indicators 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.

4. MATERIAL ACCOUNTING POLICIES (cont'd)

Share capital (cont'd)

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.

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.

4. MATERIAL ACCOUNTING POLICIES (cont'd)

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

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 loss. 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:

4. MATERIAL ACCOUNTING POLICIES (cont'd)

Share-based payment

The Company's share option plan allows employees, directors, officers and consultants to acquire shares of the Company. The fair value of options granted is recognized as share-based compensation expense with a corresponding increase in share-based payment reserve in equity.

Fair value is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes Option Pricing Model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

When options are exercised, the proceeds received, together with any related amount in share-based payments reserve, are credited to share capital.

Foreign currency transactions and foreign translation

Foreign currency transactions are translated into Canadian dollars using exchange rates in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars using the exchange rate in effect at the measurement date. Non-monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars using the historical exchange rate or the exchange rate in effect at the measurement date for items recognized at fair value through foreign exchange gain or loss. Gains and losses arising from foreign exchange are included in the consolidated statements of loss. The Company translates the financial statements of foreign operation to the presentation currency. Items in the statement of loss of foreign operation are translated into the presentation currency using the average exchange rate for the year, and assets and liabilities are translated using the year-end rate; all resulting exchange differences are included into other comprehensive income.

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, 2024.

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.

(Expressed in Canadian dollars, unless otherwise stated)

5. DISCONTINUED OPERATIONS

During the year ended December 31, 2023, the Company decided to discontinue the operations of Zoglo. As a result, Zoglo's financial impacts attributable to the discontinued operations during the years ended December 31, 2023 and 2022 are summarized below.

Included in the consolidated statement of financial position as at December 31, 2022 and the following changes of assets and liabilities associated with the discontinued operations:

	Notes		December 31, 2022
ASSETS			
Current assets			
Cash		$	-
Trade and other receivables	6		144,091
Inventories	7		41,104
Prepaid Expenses			7,301
			192,496
Equipment	8		58,402
		$	250,898
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9	$	631,275
Deferred revenue			41,104
Bank indebtedness			3,403
Due to related parties	13		123,499
		$	799,281

(Expressed in Canadian dollars, unless otherwise stated)

5. DISCONTINUED OPERATIONS (cont'd)

Results from discontinued operations:

	Notes		Year ended December 31, **2023**		2022
Sales	13	**$**	**41,104**	$	1,879,393
Cost of sales	7		**(41,104)**		(3,133,145)
GROSS LOSS			**-**		(1,253,752)
OPERATING EXPENSES					
Bad debt recovery			**(14,899)**		-
Consulting	13		**95,448**		128,885
Depreciation	8		**8,736**		460,177
Foreign exchange (gain) loss			**(335)**		9,549
Marketing			**6,730**		252,019
Office and miscellaneous			**126,765**		256,484
Professional fees			**79,997**		125,662
Rent	13		**6,000**		25,000
Travel			**952**		5,844
Wages and benefits	13		**34,710**		485,130
			(344,104)		(1,748,750)
OTHER ITEMS					
Loss on asset disposal	8,13		**(29,939)**		(26,744)
Gain on inventory valuation			**101,476**		-
Gain on debt settlement	9,10		**24,189**		2,027,961
Gain on write off of account payables	9,13		**41,811**		-
Impairment of intangible assets	8		**-**		(3,710,978)
			137,537		(1,709,761)
Net and comprehensive loss from discontinued operations			**(206,567)**		(4,712,263)

(Expressed in Canadian dollars, unless otherwise stated)

6. TRADE AND OTHER RECEIVABLES

	December 31, 2023	December 31, 2022
Government sales tax credits	$ 17,276	$ 194,920
Trade receivables (Note 13(iii))	-	57,832
	$ 17,276	$ 252,752

7. INVENTORIES

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

	December 31, 2023	December 31, 2022
Opening inventory	$ 41,104	$ 2,279,899
Purchases (Note 13(vii))	-	894,350
Cost of goods sold	(41,104)	(3,133,145)
Closing inventory	$ -	$ 41,104

During the year ended December 31, 2023, there were $nil (December 31, 2022 - $1,270,763) in inventory write downs to net realizable value which were recorded in cost of sales.

(Expressed in Canadian dollars, unless otherwise stated)

8. 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, 2021	$ –	$ 81,125	$ 21,719	$ 102,844	$ 4,365,856	$ 4,468,700
Additions	17,273	–	–	17,273	–	17,273
At December 31, 2022	17,273	81,125	21,719	120,117	4,365,856	4,485,973
Disposals	–	(81,125)	–	(81,125)	–	(81,125)
At December 31, 2023	$ 17,273	$ –	$ 21,719	$ 38,992	$ 4,365,856	$ 4,404,848
Accumulated depreciation/ amortization and impairment:						
At December 31, 2021	$ –	$ 8,123	$ 3,257	$ 11,380	$ 218,292	$ 229,672
Charge for the year	3,455	14,600	5,536	23,591	436,586	460,177
Write-down/impairment	13,818	–	12,926	26,744	3,710,978	3,737,722
At December 31, 2022	17,273	22,723	21,719	61,715	4,365,856	4,427,571
Charge for the year	-	8,736	-	8,736	-	8,736
Disposal for the year	–	(31,459)	–	(31,459)	–	(31,459)
At December 31, 2023	$ 17,273	$ –	$ 21,719	$ 38,992	$ 4,365,856	$4,404,848
Balance						
As December 31, 2022	$ –	$ 58,402	$ –	$ 58,402	$ –	$ 58,402
As December 31, 2023	$ –	$ –	$ –	$ –	$ –	$ –

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"), a related party (Note 13) in the 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. On November 14, 2022, the Company entered into a debt settlement agreement with Naknik in connection with the forgiveness of the promissory note at a book value of $2,500,000 and transferring all the trademarks concerns into the following conditions:

- The Company would pay 3% in royalties from any product sold by the Company's brand in perpetuity;
- The Company would send every 3 months an account of the related brand sales;
- The payment of the royalties would be paid every 30 days;
- Naknik would have a right to review the sale reports;

(Expressed in Canadian dollars, unless otherwise stated)

8. EQUIPMENT AND INTANGIBLE ASSET (cont'd)

- The Company would have the right to use the intellectual property ("IP"), as long as the royalties are paid on time;
- The ownership of the IP would remain with Naknik;
- In a case that if two payments are not paid, the Company would stop using the IP and the trademarks would be returned to Naknik; and
- If any future lawsuit may occur, or any other company in the future in regards to the trademarks, the responsibility and liability of that lawsuit would be sole responsibility of the Company. And the Company would pay all the related payments and expenses including the legal counseling fees that would be the direct outcome of such lawsuit.

As a result of the above settlement, the Company recorded and recognized a gain on debt settlement $2,027,961 during the year ended December 31, 2022. During the year ended December 31, 2023, there were no product sold under Naknik's brand name and therefore, no royalties payable was recorded and accrued.

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 was 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.

During the year ended December 31, 2022, the Company conducted impairment tests on its intangible asset as there were indicators of impairment. The Company tested intangible asset for impairment which is allocated to its only CGU. The recoverable amount of CGU was determined based on value in use which require the use of assumptions. The calculation of the recoverable amount of CGU was $nil. As a result, the Company recorded an impairment of $3,710,978 to the intangible asset primarily due to inability of the business to meet its initial projections.

During the year ended December 31, 2023, the Company sold the freezer equipment at a book value of $49,666 to settle the total outstanding of $19,727 for the short-term loans owed to a former director and recognized a loss on asset disposal of $29,939. (Note 13 (viii)).

(Expressed in Canadian dollars, unless otherwise stated)

9. ACCOUNT PAYABLES AND ACCRUED LIABILITIES

	December 31, 2023	December 31, 2022
Accounts payables	$ 327,640	$ 315,602
Accrued liabilities	36,382	446,148
	$ 364,022	$ 761,750

During the year ended December 31, 2023, the Company recognized a gain on debt settlement of $24,189 by settling an outstanding debt of $35,878 and outstanding payables of $6,250 to a former related party.

10. NOTE PAYABLE

	December 31, 2023	December 31, 2022
Opening balance for the year	$ -	$ 2,527,961
Payments	-	(500,000)
*Gain on debt settlement	-	(2,027,961)
Ending balance for the year	$ -	$ -

*During the year ended December 31, 2022, the Company recognized and recorded $2,027,961 for the gain on debt settlement (Note 8).

11. LOAN PAYABLE

During the year ended December 31, 2023, the Company acquired a short-term loan of $40,000 from an arm's length party. The loan is non-interest bearing and is due upon demand.

12. SHARE CAPITAL

a. Authorized

Unlimited number of common shares without par value.

b. Issued and outstanding

During the year ended December 31, 2023, the Company completed the following transactions:

(i) Consolidation of its common shares on the basis of 50 pre-consolidated shares for every one post-consolidated share effective December 5, 2023; and

(ii) Issued 61,849 common shares at a price of $5 per share to settle a convertible loan (Note 13(ix)) of $298,474 plus interest of $10,769.

(Expressed in Canadian dollars, unless otherwise stated)

12. SHARE CAPITAL (cont'd)

b. Issued and outstanding (cont'd)

During the year ended December 31, 2022, the Company completed the following transactions:

(i) Issued 1,500 common shares on the exercise of 1,500 stock options at an exercise price of $2.50 per share for gross proceeds of $3,750. The Company reclassified $16,766 from reserves to share capital on the exercise of these options; and

(ii) Issued 38,585 units at a price of $1.555 per units for total gross proceeds of $60,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant will entitle the holder to acquire one common share at an exercise price of $2.50 per common share for a period of 24 months from the date of issuance.

c. Escrow

920,000 common shares issued to a director of the Company prior to the RTO 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, 2023, 276,000 common shares (December 31, 2022 – 552,000) were subject to escrow.

d. 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, December 31, 2021	128,000	$ 7.50
Granted	47,000	7.25
Forfeited/cancelled	(97,500)	10.30
Exercised	(1,500)	2.50
Outstanding, December 31, 2022	76,000	3.35
Granted	70,000	2.50
Forfeited/cancelled	(146,000)	2.94
Outstanding, December 31, 2023	-	$ -

12. SHARE CAPITAL (cont'd)

d. Stock options (cont'd)

During the year ended December 31, 2023, the Company:

(i) Granted 40,000 stock options to a former officer of the Company at an exercise price of $2.50 per share expiring January 16, 2025. The stock options are subject to vesting over a period of 6 months.

(ii) Granted 20,000 stock options to another former officer of the Company at an exercise price of $2.50 per share expiring on February 13, 2025. These stock options are subject to vesting over a period of 6 months.

(iii) Granted 10,000 stock options to a former director of the Company at an exercise price of $2.50 per share expiring on February 13, 2025. These stock options are subject to vesting over a period of 12 months.

(iv) Forfeited/cancelled an aggregate of 146,000 stock options granted to various former officers, directors and consultants of the Company, which also included the options granted during the period mentioned in Note 12(d) (i, ii & iii).

During the year ended December 31, 2022, the Company:

(v) Granted 3,000 stock options to a consultant of the Company at an exercise price of $12.50 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 2,000 unvested stock options were cancelled. The remaining 1,000 vested stock options expired on April 19, 2022.

(vi) Granted 1,000 stock options to a consultant of the Company at an exercise price of $10.00 per share expiring February 23, 2025. The stock options are subject to vesting over a period of 12 months. During the year ended December 31, 2022, the consulting services were terminated and 1,000 stock option were cancelled accordingly.

(vii) Granted 3,000 stock options to a former officer of the Company at an exercise price of $4.00 per share expiring October 1, 2026. The stock options are subject to vesting over a period of 9 months. Subsequent to the year ended December 31, 2022, the former officer resigned and 3,000 unvested stock options were cancelled 30 days after his resignation.

(viii) Granted 40,000 stock options to a consultant of the Company at an exercise price of $2.50 per share expiring November 4, 2027. The stock options are subject to vesting immediately.

(ix) Forfeited/ Cancelled an aggregate of 97,500 stock options granted to several former officers, directors and consultants of the Company, which also included the options granted during the year mentioned in Note 12(d)(v&vi); and

(Expressed in Canadian dollars, unless otherwise stated)

12. SHARE CAPITAL (cont'd)

d. Stock options (cont'd)

(x) Exercised an aggregate of 1,500 stock options for total gross proceeds of $3,750 (Note 12(b)(i)).

During the year ended December 31, 2023, the Company recorded share-based compensation of $34,242 (December 31, 2022 - $538,868) 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.

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

	December 31, 2023	December 31, 2022
Risk free interest rate	1.73% - 1.88%	1.35% - 1.73%
Expected dividend yield	0%	0%
Stock price volatility*	230% - 231%	149% - 210%
Expected life	2 years	4.93 years
Exercise price	$2.50	$2.50 - $12.50
Share price	$1.25	$1.75 - $10.00
Fair value	$1.07	$ 1.70- $8.95

*Expected volatility has been based on similar publicly traded companies

e. Warrants

Warrant transactions are summarized as follows:

	Warrants Outstanding	Weighted Average Exercise Price
Outstanding, December 31, 2021	31,226	$ 9.00
Granted (Note 12(b)(ii))	38,585	2.50
Expired	(16,226)	12.50
Outstanding, December 31, 2022 and December 31, 2023	53,585	$ 3.20

During the year ended December 31, 2023, the Company recorded share-based compensation of $nil (December 31, 2022 - $8,615) on the vested portion of the warrants issued for consulting services.

(Expressed in Canadian dollars, unless otherwise stated)

12. SHARE CAPITAL (cont'd)

e. Warrants (cont'd)

As at December 31, 2023, the following warrants were outstanding:

	Expiry Date	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life
Warrants	February 23, 2026	15,000	$5.00	2.15 years
Warrants	December 22, 2024	38,585	$2.50	0.98 years

The fair value of the warrants granted were calculated using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

	December 31, 2023	December 31, 2022
Risk free rate	-	1.59%
Expected dividend yield	-	0%
Stock price volatility*	-	144.88%
Expected life	-	4.08 years
Exercise price	-	$ 5.00
Share price	-	$ 12.50
Fair value	-	$ 10.50

*Expected volatility has been based on similar publicly traded companies

f. Restricted Share Units

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

During the years ended December 31, 2023 and 2022, there were no RSUs transactions nor share-based compensation recorded.

13. RELATED PARTY TRANSACTIONS

Key management personnel include 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, officers and the companies controlled by the directors and officers as well as their spouses.

(Expressed in Canadian dollars, unless otherwise stated)

13. RELATED PARTY TRANSACTIONS (cont'd)

The remuneration of the key management personnel during the years ended December 31, 2023 and 2022 were as follows:

		December 31, 2023		December 31, 2022
Officers' remuneration (i)	$	91,717	$	493,409
Consulting fees (ii)		8,500		42,500
Director's fees (iv)		-		31,733
Share-based compensation (v)		34,242		490,287
Total	$	134,429	$	1,057,929

During the year ended December 31, 2023, transactions with key management and other related party transactions as follows:

(i) During the year ended December 31, 2023, the Company paid or accrued salaries, management fees, health benefits, and vehicle allowances totaling $91,717 (2022 - $493,409) to three former directors and/or officers of the Company. This amount is included in net and comprehensive income (loss) from discontinued operations on the statements of loss and comprehensive loss.

(ii) The Company entered into an advisory agreement with Professional Retailing Inc., a company controlled by a former CEO, for consulting services with respect to packaging, marketing and product advisory services in exchange for $102,000 per year, payable monthly from August 1, 2022. Effective January 1, 2023, the agreement was terminated.

During the year ended December 31, 2023, the Company paid or accrued $8,500 (2022 - $42,500) in consulting fees pursuant to this agreement. This amount is included in net and comprehensive income (loss) from discontinued operations on the statements of loss and comprehensive loss.

During the year ended December 31, 2023, the Company paid or accrued of $48,025 (2022 - $42,500) in consulting services owed to the former CEO's company.

(iii) During the year ended December 31, 2023, the Company earned revenues totalling $Nil (2022 - $266,779) from, and paid rent and office costs totalling $Nil and $Nil (2022 - $9,000 and $12,316), respectively, to Foodfest International 2000 Inc. ("Foodfest"), a company whose former CEO is a director and significant shareholder of the Company. These amounts are included in net and comprehensive income (loss) from discontinued operations on the statements of loss and comprehensive loss.

As at December 31, 2023, the Company wrote off $608 (2022 - $Nil) which was owed to Foodfest for outstanding office costs and recorded a gain on write off of account payable under net and comprehensive income (loss) from discontinued operations.

As at December 31, 2023, $Nil (2022 - $15,088) was included in trade and other receivables for the sale of food products to Foodfest.

13. RELATED PARTY TRANSACTIONS (cont'd)

(iv) During the year ended December 31, 2023, the Company paid $Nil (2022 - $31,733) to a company controlled by the former chairman of the board and former director of the Company for director fees.

(v) During the year ended December 31, 2023, share-based compensation expense of $34,242 (2022 - $490,287) was recorded on the vested portion of the stock options granted to directors and officers of the Company.

(vi) During the year ended December 31, 2023, the Company paid or accrued $13,200 (2022 - $31,575) in accounting and bookkeeping fees to a company partially owned by the former CFO.

(vii) During the year ended December 31, 2023, $Nil (2022 - $7,625) was due to Naknik that was included in accounts payable and accrued liabilities, 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.

As at December 31, 2023, the Company wrote off $7,625 owed to Naknik for outstanding inventory purchase costs and recorded a gain on write off of account payable.

During the year ended December 31, 2023, the Company purchased inventory totalling $nil (December 31, 2022 - $564,175) from Naknik.

(viii) During the year ended December 31, 2023, Zoglo, had two outstanding short term non-interest bearing loans from the director of Zoglo totaling $19,727. The Company settled the loans by transferring its freezer equipment (Note 8) to the director of Zoglo and recognized a loss on asset disposal of $29,939.

As at December 31, 2023, a balance of $nil (2022 - $11,842) was outstanding on the loans.

(ix) During the year ended December 31, 2023, the Company entered into a secured loan agreement with the same Zoglo director (also the "Lender") for a loan facility of up to $600,000. Amounts borrowed under this agreement will bear interest at 6% per annum and mature on February 10, 2024. The loan has a convertibility to be settled by shares under the following terms:

Upon the earlier to occur of:

1) *a change of control of the Company;*
2) *the sale of all or substantially all of the assets of the Company;*
3) *the closing of a financing of the Company for gross proceeds of not less than $2,000,000; and*
4) *the Maturity Date; (each a "Trigger Event") the Lender shall have the option, at its sole discretion, to:*
    - *Require the Company to repay in whole the Outstanding Balance;*
    - *Convert the Advances into shares of the Company with the subscription price payable by the Lender equal to the greater of: (1) $0.10 per share; and (2) the lowest permitted price according to the policies of the Exchange; and to require the Company to repay all remaining amounts of the Outstanding Balance within 60 days of the occurrence of the Trigger Event; or*
    - *Require the Outstanding Balance to be repaid to the Lender on the Maturity Date.*

13. RELATED PARTY TRANSACTIONS (cont'd)

On October 5, 2023, the Company converted a total of $309,243 (2022 - $Nil) which consisted of $298,474 in principal and $10,769 in accrued interest by issuing 61,849 common shares at a price of $5.00 per share. (Note 12 (b)(i))

(x) On August 23, 2022, the Company entered into a 90-day promissory note for an operational loan of $100,000 from the spouse of a former director of the Company. The loan is unsecured with a maturity date of November 23, 2022. On maturity date, the Company would repay the principal amount plus interest of $5,000. On April 11, 2023, the Company entered into a settlement arrangement on this loan to pay a total of $111,658, inclusive of interest (the "Settlement Amount") by monthly installments of $11,166 from April 2023 to August 2023 and $27,914 from September 2023 to October 2023. In addition to the Settlement amount, the Company would pay $5,000, as partial payment for the related legal fee on or before October 15, 2023. In the event of a change of control or capital raise before the final instalment date, the balance of the Settlement Amount will be due upon closing of any such transaction. At December 31, 2023, the loan balance was $94,326 (2022 - $111,658).

(xi) On March 23, 2021, the Company entered into an administrative services agreement with Varshney Capital Corp. ("VCC"), a company with a director in common, for administrative services provided to the Company in exchange for a monthly fee of $10,000 plus taxes for an initial term of two years and renewed annually unless terminated. On June 8, 2023, this agreement was terminated and services were rendered on a month to month basis. On September 1, 2023, the Company entered into a new administrative services agreement with VCC in exchange for $10,000 plus taxes per month for an initial term of one year and renewed annually unless terminated.

During the year ended December 31, 2023, the Company paid or accrued $95,000 (2022 - $120,000) for administrative fees to VCC. VCC provided a 5-month discount on administrative fee of $5,000 per month for the period from January 1, 2023 to May 31, 2023.

As at December 31, 2023, $89,350 (2022 - $31,770) is due to VCC for administrative fees.

(xii) During the year ended December 31, 2023, the Company entered into two promissory notes totaling $32,500 with the spouse of a director of the Company. The promissory notes are unsecured, bearing interest at 8% per annum, and matures on January 4, 2024 and February 20, 2024, respectively. As at December 31, 2023, $33,021 (2022 - $Nil) was outstanding which included accrued interest of $521 (2022- $nil).

In addition, during the year ended December 31, 2023 the Company paid or accrued $9,000 (2022- $nil) in rent to a company controlled by the spouse of the CFO and director of the Company.

As at December 31, 2023, $9,450 (2022- $nil) was owed to this company for rent.

(xiii) As at December 31, 2023, $100 (2022- $Nil) was included in due to related parties for amounts owing to the CFO and director of the Company for reimbursement of business expenses.

(xiv) As at December 31, 2023, $25,127 (2022 - $208,133) was owed to former management and directors of the Company.

(Expressed in Canadian dollars, unless otherwise stated)

14. INCOME TAXES

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

		2023		2022
Income (loss) for the year	$	(425,359)	$	(18,442)
Statutory tax rate		27.0%		26.8%
Expected income tax recovery at statutory rate	$	(114,847)	$	(1,531,394)
Change in statutory rate and other		150,392		-
Permanent differences		(37,219)		607,316
Share issue cost		(57,762)		(66,660)
Expenses not deductible for tax purposes and other		59,436		990,738
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:

		2023	Expiry Date Range		2022	Expiry Date Range
Temporary Differences						
Equipment	$	(55,000)	No expiry date	$	58,000	No expiry date
Share issue costs	$	88,000	2023 to 2027	$	152,000	2023 to 2026
Allowable capital losses	$	-	No expiry date	$	(567,000)	No expiry date
Non-capital losses available for future period	$	9,020,000	2040 to 2042	$	11,192,000	2040 to 2041

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, trade and other receivables, accounts payables due to related parties and loans 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 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.

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

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's ability to continue as a going concern depends upon its ability to achieve profitable operations and raise additional capital. The Company intend to achieve this by seeking debt and equity financing when needed. Liquidity risk is considered as high.

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. There have been no significant impacts on the Company's consolidated statements of loss and comprehensive loss from changes in interest rates.

(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 US dollar. The Company does not currently hedge its currency risk, and is therefore subject to gains or losses due to fluctuations in that currency. In 2023, the Company's exposure to foreign currency changes for all other currencies was not material.

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' deficiency of $652,071 at December 31, 2023 (December 31, 2022 - $570,197).

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. 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 Company and IFI reached an agreement on the matter. During the year ended December 31, 2023, the Company received a notice of dissolve by indicating this contingency had been dissolved and IFI discontinued to proceed against the Company on a without cost basis.

18. SUBSEQUENT EVENTS

Subsequent to the year ended December 31, 2023, the Company:

- Completed a non-brokered private placement offering of 12,726,749 units at a price of $0.055 per unit for gross proceeds of $699,971. Each unit consists of one common share and one warrant. Each warrant will entitle the holder thereof to acquire one common share at an exercise price of $0.10 per common share for a period of 36 months from the closing date of the offering.