

**Boosh Plant-Based Brands Inc.**

Interim Management's Discussion and Analysis  
For the Three Months Ended June 30, 2021 and 2020

August 30, 2021

*The following discussion and analysis is prepared as of August 30, 2021, and should be read in conjunction with the condensed consolidated interim financial statements of Boosh Plant-Based Brands Inc. (the "Company" or "BPBB") for the three months ended June 30, 2021 and 2020 which are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the notes thereto.*

## **Introduction**

This section contains forward-looking statements that involve risks and uncertainties. The Company's actual results may differ materially from those discussed in forward-looking statements as a result of various factors, including those described under "Forward-Looking Information".

## **Forward Looking Information**

Certain statements in this report are forward-looking statements which reflect management's expectations regarding future growth, results of operations, performance, business prospects and opportunities, the Company's ability to meet financial commitments and its ability to raise funds when required. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of the date of this report. These assumptions, which include management's current expectations, the global economic environment, and the Company's ability to manage its operating costs, may prove to be incorrect. A number of risks and uncertainties could cause actual results to differ materially from those expressed or implied by the forward-looking statements.

There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Some of the risks which could affect future results and could cause results to differ materially from those expressed in the forward-looking statements contained herein include:

- Limited Operating History
- Regulatory Risks
- Permits and Governmental Regulations
- Supply and Demand Risk
- Reliance on Third-Party Suppliers
- Reliance on Third-Party Co-Packer
- Third-Party Supplier Compliance
- Limited Number of Distributors
- Transportation Providers
- Competition
- Damage to the Company's Reputation

- Maintaining the Brand
- Food Safety and Illness Incidents
- Product Innovation and Development
- Acquiring and Retaining Customers
- Changing Consumer Preferences
- Ingredient and Packing Costs
- Reliance on Management
- Operational Risks
- COVID-19 Pandemic Risks
- Intellectual Property Protection
- Holding Company
- Conflicts of Interest

The recent outbreak of the coronavirus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to evolve and government authorities have implemented emergency measures to mitigate the spread of the coronavirus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company's business activities. The extent to which the coronavirus may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their financial impact at this time.

## Company Overview

Boosh Plant-Based Brands Inc. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on August 6, 2020. The Company's head office, principal address and records office is located at #103 - 6554 176 Street, Surrey, BC V3S 4G5. The registered office is located at 2080 - 777 Hornby Street, Vancouver, BC, V6Z 1S4.

On December 21, 2020, the Company completed a reverse takeover (the "RTO") with Boosh Food Inc. The transaction was accounted for as a reverse acquisition. On January 6, 2021, the Company changed its name to Boosh Plant Based Brands Inc.

The Company is in the business of producing and selling plant-based frozen and refrigerated meals.

## Reverse Takeover

On December 21, 2020, the Board of Boosh approved the Agreement and an aggregate of 6,000,000 shares of the Company were issued to the shareholders of Boosh. in exchange for their 6,870,587 shares in Boosh Food Inc. Each share of Boosh was exchanged for 0.873288 common shares of the Company. Boosh became a wholly owned subsidiary of the Company.

The fair value of the consideration issued for the net assets of the Company is as follows:

<b>Consideration:</b>		
Fair value of shares retained by former BPBB shareholders (2,458,250 shares)	\$	427,441
Value of BPBB warrants assumed (4,550,250 warrants)		118,762
Forgiveness of Boosh debt		(92,712)

Total consideration	453,491
<b>Fair value of net assets assumed:</b>	
Cash and cash equivalents	423,835
Prepaid expenses and deposits	54,910
Accounts payable and accrued liabilities	(58,365)
Convertible debt	(102,995)
Conversion component	(13,603)
Subscriptions received	(58,000)
Total net assets	245,782
<b>Transaction cost</b>	<b>\$ 207,709</b>

Included in the net assets assumed with RTO is a \$54,910 security deposit paid on the lease of a facility with a combined food storage, test kitchen and office space, for a total monthly rent of \$10,459 for a term commencing January 1, 2021 and expiring on July 31, 2022. As of the date of this management's discussion and analysis, the space is being used for the operations of Boosh for the purposes of research and development of new products and office administration.

## Overall Performance

As at June 30, 2021, the Company had \$1,369,614 (March 31, 2021 - \$98,463) in cash. For the three months ended June 30, 2021, the Company generated revenue of \$33,014 (2020 - \$9,044) and a gross profit of \$10,109 (2020 - gross profit of \$8,644).

Working capital increased as at June 30, 2021 to \$2,148,807 from a deficit of \$341,188 as at March 31, 2021.

### *Revenue and gross margin*

Revenue and gross profit for the three months ended June 30, 2021 were \$33,014 and \$10,109 respectively (2020 - \$9,044 and gross profit of \$8,644, respectively). Revenues increased during the three months ended June 30, 2021, as compared to the three months ended June 30, 2020, as the Company continues its focus on the growth of plant-based frozen meals and distribution of those products.

### *Operating expenses*

Operating expenses for the three months ended June 30, 2021 were \$948,799 (2020 - \$13,994). The increase primarily relates to an increase in general and administrative expenses, share-based payments, marketing, sales and distribution costs, and professional fees. The increase in general and administrative fees is a result of the Company expanding its operations during the first quarter of fiscal 2022. The increase in marketing, sales and distribution costs relates to the growth of the Company and an increased focus on marketing the Company's new products. The increase in share-based payments expense relates to options issued in the current period. The increase in professional fees relates to legal fees incurred related to the Company's IPO, and for accounting fees incurred during the three-month period.

## Summary of Quarterly Results

The table below sets forth selected results of operations for the Company's eight most recently completed quarters (in Canadian dollars). All figures are in accordance with IFRS.

<b>Three months ended</b>	<b>Total Revenues (\$)</b>	<b>Net loss for the period (\$)</b>	<b>Basic and fully diluted loss per share (\$)</b>
June 30, 2021	33,014	(995,245)	(0.09)
March 31, 2021	47,527	(601,776)	(0.07)
December 31, 2020	6,717	(323,643)	(0.05)
September 30, 2020	46,077	(15,250)	(0.00)
June 30, 2020	9,044	(5,361)	(0.00)
March 31, 2020	19,332	(43,600)	(0.01)
December 31, 2019	58,111	(41,678)	(0.01)
September 30, 2019	50,994	(45,129)	(0.01)

### *Summary of Results During Prior Quarters*

Net loss for the three months ended June 30, 2021 was increased as compared with the prior period due to an increase in marketing, sales and distribution expense.

Net loss for the three months ended March 31, 2021 was increased as compared with the prior period due to operating expenses increasing for the period, and the increase in revenues was matched by a like increase in cost of sales.

Net loss increased sharply for the three months ended December 31, 2020, primarily due to transaction costs associated with the RTO that occurred during the quarter, an increase professional fees related to the RTO, the preparation of the prospectus for the IPO, and development of management and consulting contracts. In addition, there was an increase to marketing, sales and distribution due to increased marketing efforts for campaign design, branding and social media.

Net loss increased for the three months ended September 30, 2020, primarily due to an increase in cost of sales and operating expenses. Cost of sales increased due to an increase in sales volume during the quarter ended September 30, 2020. Marketing costs also increased during this quarter as compared to the previous quarter.

Net loss decreased for the three months ended June 30, 2020, primarily due to a decrease in operating expenses and cost of sales. Cost of sales decreased due to the reduction in sales made during the quarter ended June 30, 2020. Marketing, sales, and distribution costs decreased as well as professional fees and salaries due to a general decrease in activity this quarter.

Net loss for the three months ended March 31, 2020 was consistent with the prior period due to operating expenses for both periods being consistent, and the decrease in revenues was matched by a like decrease in cost of sales.

Net loss and revenues for the three months ended December 31, 2019 was consistent with the prior period.

Net loss increased for the three months ended September 30, 2019, primarily due to an increase in share-based payments during the quarter from the issuance of stock options, partially offset by the increase in revenues.

## Results of Operations - For the three months ended June 30, 2021 and 2020

Three months ended	June 30, 2021 \$	June 30, 2020 \$	Change \$	Change %
Sales	33,014	9,044	23,970	265%
Cost of sales	(22,905)	(400)	(22,505)	5626%
<b>Gross profit</b>	<b>10,109</b>	<b>8,644</b>	<b>1,465</b>	<b>-17%</b>
<b>Operating Expenses</b>				
Depreciation	21,222	-	21,222	100%
Foreign exchange gain	2,822	-	2,822	100%
General and administrative expenses	107,687	4,732	102,955	2176%
Marketing, sales and distribution	347,937	8,142	339,795	4173%
Management fees	65,380	-	65,380	100%
Professional fees	257,962	503	257,459	51185%
Rent	9,275	-	9,275	100%
Research and development	9,828	617	9,211	1493%
Salaries	23,504	-	23,504	100%
Share-based payments	103,182	-	103,182	100%
<b>Total operating expenses</b>	<b>(948,799)</b>	<b>(13,994)</b>	<b>(934,805)</b>	<b>6680%</b>
Finance costs	(15)	(11)	(4)	36%
Loss on conversion of convertible note	(54,000)	-	(54,000)	100%
Accretion	(2,540)	-	(2,540)	100%
<b>Net loss</b>	<b>(995,245)</b>	<b>(5,361)</b>	<b>(989,884)</b>	<b>18465%</b>

### Revenues

During the three months ended June 30, 2021 and 2020, the Company generated revenues of \$33,014 and \$9,044 respectively. Revenues have increased as the Company continues its focus on the growth of plant-based frozen meals and distribution of those products.

### Cost of sales

During the three months ended June 30, 2021 and 2020, cost of sales was \$22,905 and \$400, respectively. The increase in cost of sales during the three months ended June 30, 2021 as compared to the prior period can be attributed to the higher volume of products sold and costs associated with samples offered to customers.

### Gross profit

During the three months ended June 30, 2021 and 2020, gross profit was \$10,109 and \$8,644 respectively. The slight increase in gross profit is due to the increase in sales offset by the increase in cost of sales.

### Operating expenses

During the three months ended June 30, 2021 and 2020, the Company incurred operating expenses of \$948,799 and \$13,994, respectively. The increase in operating expenses were primarily due to an increase in share-based

payments of \$103,182, as warrants vested and additional options were issued in the current period. General and administrative fees increased by \$102,955 as a result of the Company expanding its operations during the first quarter of fiscal 2022. Depreciation increased by \$21,222 as a result of the Company's office lease, and equipment and intangible asset purchases. Management fees increased by \$65,380 as a result of the Company paying consulting fees and issuing bonus shares to directors of the Company. Marketing, sales, and distribution costs increased by \$339,795 due to the costs incurred as the Company has focused its efforts on marketing their brand and products, in addition to entering several marketing and branding agreements. Professional fees increased by \$257,459 as compared to the prior period due to accounting fees incurred and legal fees related to equity financings. Salaries increased by \$23,504 due to additional employees being hired during the period ended June 30, 2021. Research and development increased by \$9,211 due to the Company testing new products.

#### *Other items*

During the three months ended June 30, 2021 and 2020, the Company incurred other expenses of \$56,555 and \$11, respectively. Accretion expense of \$2,540 was recorded in relation to the convertible notes issued by the Company. Loss on conversion of convertible note of \$54,000 was recorded in relation to the conversion of convertible note into common shares of the Company.

### **Share Capital**

The Company is authorized to issue an unlimited number of shares of common shares without par value.

During the three months ended June 30, 2021, there were no common shares issued by Boosh. As per the RTO, on December 21, 2020, BPBB issued an aggregate of 6,000,000 shares to the shareholders of the Company in exchange for their 6,870,587 shares in the Company, with each share of the Company exchanged for 0.873288 common shares of BPBB.

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

- a) On May 26, 2021, the Company completed its initial public offering and issued 5,750,000 units at price of \$0.50 per unit for gross proceeds of \$2,875,000. Each unit consists of one common share and one warrant with each warrant exercisable into one common share at an exercise price of \$1.00 until expiry on May 26, 2022. Using the residual method, the warrants have been determined to have a value of \$Nil. The Company incurred \$20,000 in cash, \$64,500 in legal fees and 615,000 units at a price of \$0.50 per unit in share issuance costs.
- b) On May 26, 2021, the Company issued 175,000 common shares with a fair value of \$43,750 to directors and consultants for services rendered.
- c) On May 26, 2021, the Company issued an aggregate of 15,000 common shares with a fair value of \$7,500 to a consultant and the CFO of the Company for services rendered, which had been recorded as an obligation to issue shares during the year ended March 31, 2021.
- d) On May 26, 2021, the Company issued 5,000 common shares with a fair value of \$2,500 to Vegan in connection to the asset purchase agreement dated February 28, 2021 (Note 9).
- e) On May 28, 2021, the Company entered into an agreement for marketing services in exchange for \$100,000 in common shares of the Company over the term of twelve months. On June 1, 2021, the

Company issued 17,094 common shares to represent the marketing fees of \$20,000 incurred in connection to this agreement. The common shares in connection with this issuance are subject to a four month and one day statutory hold period from the date of issue, expiring on October 2, 2021.

- f) On June 1, 2021, the Company issued 100,000 units with a fair value of \$117,000 upon the conversion of \$63,000 convertible debt (Note 11). Each unit consists of one common share and one warrant. Each warrant is exercisable into one common share at an exercise price of \$1.00 until May 26, 2022.
- g) During the three months ended June 30, 2021, the Company issued 286,782 common shares pursuant to the exercise of warrants with a weighted average exercise price of \$0.99 for total proceeds of \$285,822.

During the year ended March 31, 2021, Boosh completed the following transactions:

- a) On January 8, 2021, the Company closed a private placement and issued 474,750 units at price of \$0.20 per unit for gross proceeds of \$94,950. Each unit consists of one common share and one warrant. Each warrant is exercisable into one common share at an exercise price of \$1.00 until January 8, 2023. The warrants have a value of \$Nil using the residual method. The Company incurred \$333 in cash and 2,500 common shares at a price of \$0.20 per common share in share issuance costs.
- b) On January 14, 2021, the Company issued 40,000 common shares as bonus shares in relation to the convertible promissory note issued on the same date.
- c) On January 15, 2021, the Company issued 40,000 common shares at a price of \$0.25 per common share for proceeds of \$10,000.
- d) On March 22, 2021, the Company approved the issuance of 10,000 common shares to the CFO of the Company with a fair value of \$5,000.
- e) On March 22, 2021, the Company approved the issuance of 5,000 common shares to a consultant of the Company with a fair value of \$2,500.

## **Capital Resources and Liquidity**

The accompanying condensed consolidated interim financial statements have been prepared on a basis that contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Company anticipates that it will have sufficient resources to meet the working capital requirements of the Company for at least the next 12 months. This assessment is based on the Company's current cash, as well as the net proceeds of the capital market equity financings the Company intends to consummate in fiscal 2022.

As at June 30, 2021, the Company had a working capital of \$2,148,807 as compared to a deficit of \$341,188 at March 31, 2021. This change was primarily due to the increase in financing activities with the receipt of \$3,052,534 in net proceeds during the three months ended June 30, 2021. The increase is offset by the increased cash used in operating activities, which include an increase in inventory of \$2,380, prepaid expenses and deposits of \$820,561.

As at June 30, 2021, the Company is committed to a sublease agreement in which it will pay \$76,049 over the next year.

The Company's cash is highly liquid and held at major financial institutions.



### *Going Concern*

As at June 30, 2021, the Company had not yet achieved profitable operations, had a net loss of \$995,245 and has an accumulated deficit of \$2,290,599 since its inception. The continuing operations of the Company are dependent upon its ability to develop a viable business and to attain profitable operations and generate funds there from. This indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs with capital market equity financings. If the Company is unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

### *Cash Flows*

Historically and prospectively, the Company's primary sources of liquidity and capital resources have been and will continue to be proceeds from the issuance of debt and common shares. Based on the current level of operations and management's expected results of operations over the next 12 months, management believes that cash generated from operations and cash on hand and anticipated future capital raises will be adequate to meet the Company's anticipated liquidity requirements, capital expenditures and working capital needs for the next 12 months. However, the Company cannot be certain that the business will generate sufficient cash flow from operations, that the Company's anticipated earnings from operations will be realized, or that future borrowings will be available or otherwise to enable the Company to service its indebtedness or to make anticipated capital expenditures. The Company's future operating performance and its ability to service its debt will be subject to future economic conditions and to financial, business and other factors, many of which are beyond the Company's control. See "Financial Risk Management" of this MD&A for a discussion of the risks related to the Company's liquidity and capital structure.

<b>Increase (decrease) in cash for the three months ended,</b>	<b>June 30, 2021</b>	<b>June 30, 2020</b>
Operating activities	\$ (1,747,588)	\$ (12,678)
Investing activities	(33,795)	-
Financing activities	3,052,534	17,432
Total change in cash	1,271,151	4,754
Cash, beginning of the period	98,463	2,639
Cash, end of the period	\$ 1,369,614	\$ 7,393

As at June 30, 2021, the Company had cash of \$1,369,614 (March 31, 2020 - \$98,463). The increase in cash compared to March 31, 2021 was primarily due to cash obtained from financing activities, partially offset by cash used in operating and investing activities.

#### *Operating activities*

Cash used in operating activities primarily consist of general and administrative expenditures, marketing, sales and distribution costs, professional fees and salaries. The \$1,734,910 increase in the use of cash for operating activities for the three months ended June 30, 2021 is mainly attributable to the \$810,401 increase in operating expenses, excluding depreciation and share-based payments.

#### *Investing activities*

Cash used in investing activities increased by \$33,795 over the three months ended June 30, 2021, as compared to the prior comparative period. The increase was attributable to the purchase of equipment.

### *Financing activities*

Cash from financing activities for the three months ended June 30, 2021 increased to \$3,052,534 from \$17,432. The Company obtained \$1,524 in proceeds from related party loans, \$285,822 from the issuance of shares, \$2,790,500 net proceeds from the IPO and \$63,000 from the issuance of convertible debt. These increases were offset against the repayment of related party loans of \$67,571. The Company had cash outflows of \$20,741 in relation to the repayment of lease principal.

### **Off-Balance Sheet Arrangements**

None.

### **Transactions with Related Parties**

As at June 30, 2021, related parties consist of the following individuals and entities:

James Pakulis, Director, CEO  
Maria Hussaini, CFO  
Alex McAulay, former Director, former CFO  
ACM Management Inc., controlled by Alex McAulay  
Connie Marples, President, Director  
1280307 B.C. Ltd., controlled by Connie Marples  
Colton Marples, related to Connie Marples  
Lance Marples, Director  
Jennifer Eged, Director  
David Coburn, Director  
Ralph Almanzar, Director  
Marion McGrath, Corporate Secretary

### *Key management compensation*

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

Remuneration attributed to key management personnel for the years ended June 30, 2021 and 2020 were as follows:

	June 30, 2021	June 30, 2020
Consulting fees, Ralph Almanzar	\$ 16,736	\$ -
Consulting fees, Marion McGrath	6,000	-
Management fees, Connie Marples	27,130	-
Management fees, Lance Marples	11,250	-
Management fees, James Pakulis	6,250	-
Management fees, Jennifer Eged	6,250	-
Management fees, David Coburn	6,250	-
Management fees, Ralph Almanzar	6,250	-

Management fees, Maria Hussaini	2,000	-
Professional fees, ACM Management Inc.	29,382	-
Share-based payments, James Pakulis	79,873	-
Share-based payments, Ralph Almanzar	2,398	-
	\$ 199,769	\$ -

#### *Other compensation*

During the three months ended June 30, 2021, the Company incurred salaries and wages of \$9,907 (2020 - \$Nil) for Colton Marples, who is related to the director of the Company.

#### *Due to related parties*

As at June 30, 2021, two of the Company's directors Connie Marples and Lance Marples had provided cash loans to the Company, which make up the balance of due to related parties, totaling \$282 (2020 - \$62,610). Amounts are due on demand, unsecured and non-interest-bearing.

### **Proposed Transactions**

None.

### **Outstanding Share Data**

As at August 30, 2021, the Company had 16,544,285 common shares outstanding, 16,821,718 warrants and 142,000 stock options outstanding.

### **Financial Instruments and Other Instruments**

#### *Financial instrument risk*

The Company is exposed, through its operations, to the following financial risks:

- a) Market risk
- b) Credit risk
- c) Liquidity risk

The Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies, and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these condensed consolidated interim financial statements.

General objectives, policies, and processes:

Management has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. Management reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous reported periods unless otherwise stated in the note. The overall objective of management is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

a) Market risk

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

(i) Foreign currency risk:

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to the foreign currency risk is minimal.

(ii) Interest rate risk:

Interest rate risk is the risk that future cash flows will fluctuate because of changes in market interest rates. The interest earned on cash is insignificant and the Company does not rely on interest income to fund its operations. The Company has an outstanding convertible promissory note at a fixed interest rate. As a result, the Company is not significantly exposed to interest rate risk.

(iii) Other price risk:

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company does not hold equity investments in other entities and therefore is not exposed to a significant risk

b) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company is subject to credit risk on its cash and accounts receivable. The Company limits its exposure to credit loss on cash by placing its cash with a high-quality financial institution. The Company has concentrations of credit risk with respect to accounts receivable as large amounts of its accounts receivable are concentrated amongst a small number of customers. As at June 30, 2021, the Company has 88% (March 31, 2021 – 95%) of its accounts receivable outstanding from three key customers.

The Company performs credit evaluations of its customers but generally does not require collateral to support accounts receivable.

The Company has certain amounts of aged trade receivables that are not deemed impaired as follows:

	June 30, 2021	March 31, 2021
1 - 60 days	\$ 20,473	\$ 39,965
61 - 90 days (past due)	2,650	581
Over 90 days (past due)	5,157	1,369
<b>Total</b>	<b>\$ 28,280</b>	<b>\$ 41,915</b>

c) Liquidity risk

Liquidity risk arises from the Company's general and capital financing needs. The Company continuously monitors and reviews both actual and forecasted cash flows, and also matches the maturity profile of financial assets and liabilities, when feasible.

*Basis of Fair Value*

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of their issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities and due to related parties. Cash is measured at fair value on a recurring basis using level 1 inputs.

The carrying value of the Company's financial instruments carried at amortized cost approximate their fair values due to their short-term maturities.

**Significant Accounting Policies**

The accounting policies followed by the Company are set out in Note 3 on the audited consolidated annual financial statements for the years ended March 31, 2021 and 2020 and have been consistently followed in the preparation of the condensed consolidated interim financial statements for the three months ended June 30, 2021 and 2020.

## Adoption of New Standards and Interpretations, and Recent Accounting Pronouncements

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any new standards and determined that there are no standards that are relevant to the Company.

## Subsequent Events

- a) On July 14, 2021, the Company entered into an Asset Purchase Agreement (“the Asset Purchase Agreement”) with Saltspring Harvest Ltd. pursuant to which the Company acquired the assets which relate to Saltspring Harvests’ business in exchange for \$150,000 paid as follows:
  - a) \$50,000 in cash at closing
  - b) \$75,000 in cash and \$25,000 in common shares upon completion of the transition
- b) Subsequent to June 30, 2021, the Company issued 536,500 common shares for warrant exercises at a weighted average exercise price of \$0.2544 for gross proceeds of \$136,500.
- c) On July 6, 2021, the Company granted 20,000 stock options to the officers of the Company exercisable at \$1.10 per common share until July 6, 2023.
- d) On July 1, 2021, the Company’s common stock began listing on the OTCPink market maintained by OTC Markets, Inc. as “VGGIF”.
- e) On August 4, 2021, the Company entered into a Media Services Contract (“the Media Contract”) with Market One Media Group Inc. for marketing services. As compensation for the services, the Company shall pay \$65,000 as follows:
  - a) \$50,000 + taxes in cash at closing
  - b) \$15,000 paid through issuance of 50,000 warrants, exercisable into one common share at an exercise price of \$1.00 until May 26, 2023
- f) On August 5, 2021, the Company entered into a Marketing Services Agreement and Consignment Agreement with Vejii Holdings Ltd. (“Vejii”). Vejii will offer the Company’s products on their e-commerce marketplace. As consideration for the services, the Company will pay Vejii \$40,000 in cash and budget \$20,000 for a digital marketing campaign.