

Boosh Plant-Based Brands Inc.

Interim Management's Discussion and Analysis
For the six months ended September 30, 2021 and 2020

November 29, 2021

The following discussion and analysis is prepared as of November 29, 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 six months ended September 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. The Company's shares are traded on the Canadian Securities Exchange under the symbol "VEGI", the US exchange OTCQB under the symbol "VGGIF", and the Frankfurt Stock Exchange under the symbol "77I".

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, végé-pâtés, seed-based spreadable dips, and plant-based, gluten free cheese.

Recent Developments

Pulse Kitchen Specialty Foods Ltd. Acquisition

Subsequent to September 30, 2021, the Company expanded its product line to include plant-based, gluten free cheese resulting from the strategic acquisition of Pulse Kitchen, which closed on October 15, 2021.

Pulse Kitchen produces high quality 100% plant-based, gluten free cheese, made from nuts, seeds, pulses and other fine ingredients. Cheese flavors include Sharp Cashew Cheddar, Almond Chevre, Dill Havarti, Almond Swiss, Vegan Pepper Jack, Cashew Kind of Blue and Smoky Cashew Cheddar as well as a Feta style cheese ready to bring to market. Products are sold in approximately 250 grocery stores in Canada including Whole Foods, Healthy Planet, Nature's Fare, IGA, Fresh St Market, Choices, Urban Fare, and Nesters. The production facility is located in Penticton BC and was established in 2016.

Saltspring Harvest Acquisition

On July 14, 2021, the Company entered into an agreement with Saltspring Harvest Ltd. ("Saltspring Harvest"), to acquire all the assets related to Saltspring Harvests' business ("the Asset Purchase Agreement"). The transaction closed on July 23, 2021. Through this acquisition, the Company added a line of végé-pâtés, as well as seed-based spreadable dips. The vegan végé-pâtés and spreadable dips use organic sunflower seeds, vegetables and other whole-foods ingredients. The products have a high content of plant-based protein and are free from gluten, eggs, dairy and nuts.

Heat'n Eat Chill Line

On July 22, 2021, the Company launched its new Chill line, expanding into the refrigerated section in stores. The new product line consists of three Heat'n Eat dishes: Chili, Mushroom Good Gravy and Sloppy Joe, which are 100% plant-based, non-GMO and gluten-free.

Home Delivery

On August 6, 2021, the Company entered into an agreement with Vejii Holdings Ltd. to commence home delivery services throughout Canada and the US commencing in September, 2021. Vejii will fulfill Boosh's e-commerce and third-party orders through their strategically located fulfillment centers throughout North America.

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:

| | | |
|------------------------------------------------------------------------------|-----------|----------------|
| Consideration: | | |
| 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 |
| Fair value of net assets assumed: | | |
| 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 |
| Transaction cost | \$ | 207,709 |

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.

Saltspring Harvest Acquisition

On July 14, 2021, the Company entered into an agreement with Saltspring Harvest Ltd. ("Saltspring Harvest"), a company specializing in the production of végé-pâtés and vegan dips, to acquire all the assets related to Saltspring Harvests' business ("the Asset Purchase Agreement"). The transaction closed on July 23, 2021. The Saltspring Harvest acquisition was accounted for as a business combination

In consideration for the assets acquired, the Company issued 28,409 common shares (the "Acquisition Shares"), paid \$125,000 in cash and \$7,339 in cash paid subsequent to September 30, 2021. The Acquisition Shares were

valued at \$35,511 as determined by the market value of the Company's shares on the acquisition date (Note 16).

Management used an income-based approach to estimate the fair values of the intangible assets acquired.

The purchase price allocation at the acquisition date is as follows:

| | | |
|--------------------------------------------------------------------------------------------------------------------------------|-----------|---------------|
| Acquisition-related costs (included in transaction costs in the consolidated statements of loss and comprehensive loss) | \$ | 9,244 |
| Consideration: | | |
| Cash paid | \$ | 125,000 |
| Cash payable | | 7,339 |
| Common shares | | 35,511 |
| Total consideration transferred | | 167,850 |
| Fair value of net assets assumed: | | |
| Inventory | | 7,048 |
| Prepaid expenses | | 291 |
| Equipment | | 4,600 |
| Intangible assets: Recipes and formulas | | 123,790 |
| Total net assets | | 135,729 |
| Goodwill | \$ | 32,121 |

Goodwill arising from the acquisition relates to future income growth, expected synergies with the existing business, and the opportunities to strengthen and complement offerings with greater breadth and depth to both existing and acquired clients. The goodwill arising on this acquisition will not be deductible for tax purposes.

Management continues to gather relevant information that existed at the acquisition date to determine the fair value of the net identifiable assets acquired. As such, the initial purchase price was provisionally allocated based on the Company's estimated fair value of the identifiable assets acquired on the acquisition date. The values assigned are, therefore, preliminary, and subject to change. Management continues to refine and finalize its purchase price allocation for the fair value of identifiable intangible assets and the allocation of goodwill.

Revenues and net income for Saltspring for the period from July 23, 2021 to September 30, 2021 included in the consolidated statements of loss and comprehensive loss are \$28,352 and \$19,108, respectively

Overall Performance

At September 30, 2021, the Company had \$696,598 (March 31, 2021 - \$98,463) in cash. For the six months ended September 30, 2021, the Company generated revenue of \$127,281 (2020 - \$54,052) and a gross profit of \$36,249 (2020 - \$13,067).

Working capital increased at September 30, 2021 to \$1,405,871 from a deficit of \$341,188 as at March 31, 2021.

Revenue and gross margin

Revenue and gross profit for the six months ended September 30, 2021 were \$127,281 and \$36,249, respectively (2020 - \$54,052 and \$13,067, respectively). Revenues increased during the six months ended September 30, 2021, as compared to the six months ended September 30, 2020, as the Company continues its focus on the sales growth of its plant-based frozen and refrigerated meals. On July 23, 2021, the Company expanded its product line by acquiring Saltspring Harvest and generated \$28,352 in revenue from July 23, 2021 to September 31, 2021.

Revenue and gross profit for the three months ended September 30, 2021 were \$94,267 (2020 - \$45,008) and \$26,140 (2020 - \$4,423), respectively. Revenues increased during the three months ended September 30, 2021, as compared to the three months ended September 30, 2020, due to the increased number of sales made. On July 23, 2021, the Company expanded its product line by acquiring Saltspring Harvest and generated \$28,352 in revenue from July 23, 2021 to September 31, 2021.

Operating expenses

Operating expenses for the six months ended September 30, 2021 were \$2,429,384 (2020 - \$33,678). Operating expenses for the three months ended September 30, 2021 were \$1,571,417 (2020 - \$19,673). The overall increase is related to the Company's rapid expansion during fiscal 2022.

Marketing, sales, and distribution

The increase in total operating expenses is largely due to the increase in marketing, sales, and distribution expenses incurred during the six months ended September 30, 2021. The increase in marketing, sales and distribution costs is attributable to the growth of the Company and its increased focus on marketing its new product lines. During the six months ended September 30, 2021, the Company engaged several marketing firms to lead the growth and enhancement of the Company's brand. The Company has expensed \$1,212,211 in marketing, sales, and distribution expenses and has prepaid amounts of \$568,491 as at September 30, 2021. Additionally, included in marketing, sales and distribution expense are consulting fees the Company incurred related to its operational development and planned expansion into the United States.

General and administrative expenses

The increase in general and administrative expenses is attributable to the expansion of the Company's operations during the first and second quarter of fiscal 2022. General and administrative fees primarily consist of filing fees, insurance, travel expenses, meals and entertainment, dues and subscriptions, and office expenses. As the company's operations have expanded during the three and six months ended September 30, 2021, travel costs, meals and entertainment, and office expenses have also increased. Filing fees have increased as during first half of fiscal 2022, the Company's shares have started trading on the Canadian Securities Exchange, the US exchange OTCQB, and the Frankfurt Stock Exchange.

Management fees

Management fees increased by \$208,377 which includes \$87,500 in share-based payments made to the directors, from the issuance of 175,000 common shares on May 26, 2021. The remaining \$120,877 consists of consulting and management fees paid to certain directors and officers. There were no management fees paid or incurred during the six months ended September 30, 2020.

Professional fees

The increase in professional fees for the six months ended September 30, 2021 relates to legal fees incurred related to the Company's IPO, and for accounting fees incurred during the six-month period.

Depreciation expense

During the three and six months ended September 30, 2021, depreciation expense increased by \$25,750 and \$48,792, respectively as compared to the three and six months ended September 30, 2020. Depreciation expense includes the depreciation of the Company's office lease and fixed assets, and amortization from the intangible assets acquired from the Saltspring Harvest Acquisition and the Vegan Canteen asset purchase.

Other items

During the three and six months ended September 30, 2021, the Company incurred other expenses of \$9,244 (2020 - \$Nil) and \$65,784 (2020 - \$Nil), respectively. During the six months ended September 30, 2021, 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. During the three and six months ended September 30, 2021, the Company incurred \$9,244 in transaction costs associated with the Saltspring Harvest Acquisition.

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.

| Three months ended | Total Revenues (\$) | Net loss for the period (\$) | Basic and fully diluted loss per share (\$) |
|---------------------------|----------------------------|-------------------------------------|----------------------------------------------------|
| September 30, 2021 | 94,267 | (1,554,521) | (0.10) |
| 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) |

Summary of Results During Prior Quarters

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

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 September 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.

Share Capital

For the six months ended September 30, 2021:

- 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 \$203,357 in share issuance costs in connection with the IPO and issued 615,000 finder's units at a price of \$0.50 per unit.
- b) On May 26, 2021, the Company issued 175,000 common shares with a fair value of \$87,500 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 certain directors and consultants 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 Canteen in connection to the asset purchase agreement dated February 28, 2021.
- e) On June 1, 2021, the Company issued 17,094 common shares with a fair value of \$22,223 for marketing services incurred. 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.
- 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. 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) On August 4, 2021, the Company issued 28,409 pursuant to the Saltspring Harvest Acquisition. The shares were valued at \$35,511 as determined by the market value of the Company's shares on the acquisition date.
- h) On September 30, 2021, the Company issued 25,111 common shares with a fair value of \$37,416 for marketing services incurred. 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.
- i) During the six months ended September 30, 2021, the Company issued 1,376,482 common shares pursuant to the exercise of warrants with a weighted average exercise price of \$0.55 for total proceeds of \$760,658.

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.

At September 30, 2021, the Company had working capital of \$1,405,871 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 \$3,391,694 in net proceeds during the six months ended September 30, 2021. The increase is offset by the increased cash used in operating activities of \$2,596,197 during the six months ended September 30, 2021 as compared to the six months ended September 30, 2020.

At September 30, 2021, the Company is committed to a sublease agreement in which it will pay \$55,038 over the next year.

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

Going Concern

At September 30, 2021, the Company had not yet achieved profitable operations, had a net loss of \$2,458,919 during the six months ended September 30, 2021 and has an accumulated deficit of \$3,754,273 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.

| Increase (decrease) in cash for the six months ended, | September 30, 2021 | September 30, 2020 |
|--------------------------------------------------------------|-------------------------------|-------------------------------|
| Operating activities | \$ (2,617,491) | \$ (21,293) |
| Investing activities | (176,068) | - |
| Financing activities | 3,391,694 | 21,392 |
| Total change in cash | 598,135 | 99 |
| Cash, beginning of the period | 98,463 | 2,639 |
| Cash, end of the period | \$ 696,598 | \$ 2,738 |

At September 30, 2021, the Company had cash of \$696,598 (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 \$2,596,197 increase in the use of cash for operating activities for the six months ended September 30, 2021 is mainly attributable to the \$1,700,515 increase in operating expenses, excluding depreciation expense of \$48,792 and share-based payments of \$646,399.

Investing activities

Cash used in investing activities increased by \$176,068 over the six months ended September 30, 2021, as compared to the prior comparative period. The increase was attributable to the purchase of equipment as well as the \$125,000 paid in consideration for the Saltspring Harvest Acquisition.

Financing activities

Cash from financing activities for the six months ended September 30, 2021 increased to \$3,391,694 from \$21,392. The Company obtained \$760,658 related to the exercise of warrants, \$2,671,643 in proceeds from the IPO net of financing costs, and \$63,000 from the issuance of convertible debt. These increases were offset against the repayment of related party loans of \$62,126 and by the \$41,481 repayment of the Company's lease for its office space.

Off-Balance Sheet Arrangements

None.

Transactions with Related Parties

At September 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 six months ended September 30, 2021 and 2020 were as follows:

| | September 30, 2021 | September 30, 2020 |
|----------------------------------------|-----------------------|-----------------------|
| Management fees, James Pakulis | \$ 12,500 | \$ - |
| Management fees, Connie Marples | 12,500 | - |
| Management fees, Maria Hussaini | 2,000 | - |
| Management fees, Ralph Almanzar | 46,284 | - |
| Management fees, Lance Marples | 14,500 | - |
| Management fees, Jennifer Eged | 12,500 | - |
| Management fees, David Coburn | 12,500 | - |
| Management fees, Alex McAulay | 12,500 | - |
| Management fees, 1280307 BC Ltd. | 65,093 | - |
| Management fees, Marion McGrath | 18,000 | - |
| Professional fees, ACM Management Inc. | 59,610 | - |
| Share-based payments, James Pakulis | 125,083 | - |
| Share-based payments, Ralph Almanzar | 2,393 | - |
| Share-based payments, Maria Hussaini | 8,403 | - |
| Share-based payments, Marion McGrath | 6,523 | - |
| | \$ 410,389 | \$ - |

Other compensation

During the six months ended September 30, 2021, the Company incurred salaries and wages of \$9,907 (2020 - \$Nil) and share-based payments of \$3,090 (2020 - \$Nil) for Colton Marples, who is related to Connie Marples, President and Director and Lance Marples, Director. At September 30, 2021, the Company owed \$2,443 to this related party in connection to expense reimbursements. Amounts are due on demand, unsecured and non-interest-bearing.

Due to related parties

At September 30, 2021, the Company owed \$14,272 (March 31, 2021 - \$12,040) to James Pakulis related to expense reimbursements.

At September 30, 2021, the Company owed \$1,760 (March 31, 2021 - \$66,329) to Connie Marples related to expense reimbursements and cash loans provided to the Company.

At September 30, 2021, the Company owed ACM Management Inc. \$4,566 (March 31, 2021 - \$7,632) related to accounting services incurred during the six months ended September 30, 2021.

Amounts above are due on demand, unsecured and non-interest-bearing.

Proposed Transactions

None.

Outstanding Share Data

As at November 29, 2021, the Company had 19,039,996 common shares outstanding, 16,081,118 warrants and 317,000 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 September 30, 2021, 43% of the Company's accounts receivable was outstanding from its key customer as noted in Note 18. 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:

| | September 30, 2021 | March 31, 2021 |
|-------------------------|-----------------------|-------------------|
| 1 - 60 days | \$ 107,826 | \$ 39,965 |
| 61 - 90 days (past due) | - | 581 |
| Over 90 days (past due) | - | 1,369 |
| Total | \$ 107,826 | \$ 41,915 |

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 annual consolidated financial statements for the years ended March 31, 2021 and 2020 and have been consistently followed in the preparation of these condensed consolidated interim financial statements.

Except as summarized below, the Company used the same accounting policies and methods of computation as in the audited annual consolidated financial statements for the years ended March 31, 2021 and 2020.

Business combination

Business combinations are accounted for applying the acquisition method of accounting, where the fair value of consideration is allocated to the fair value of assets acquired and liabilities assumed at the date of acquisition. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses if it has correctly identified all of the assets acquired and liabilities assumed and reviews the procedures used to measure the amounts recognized at the date of acquisition. Following its reassessment, if the Company concludes that the fair value of net assets acquired exceeds the aggregate consideration transferred, the Company will record a gain to the consolidated statements of operations and comprehensive income or loss. The excess of consideration over the fair value of the identifiable net assets acquired is recorded as goodwill and allocated to the Company's CGUs.

The fair value measurement and recognition of net assets acquired may require adjustment when information is absent and fair value allocations are presented on an estimated or preliminary basis. Adjustments to estimated or preliminary amounts, reflecting new information obtained about facts and circumstances that existed at the date of acquisition and occurring not later than one year from the date of acquisition, are recorded in the period the adjustment is determined. Transaction costs incurred in connection with a business combination, other than costs associated with the issuance of debt or equity securities, are expensed in the consolidated statements of loss and comprehensive loss

Goodwill

Goodwill represents the difference between consideration and the fair value of the net identifiable assets acquired in a business combination. Goodwill is recorded at cost less accumulated impairment losses, if any. Goodwill is not amortized and is allocated to each of the Company's cash-generating units ("CGU" or "CGUs") or group of CGUs that benefit from the acquisition, irrespective of whether other assets or liabilities acquired are assigned to those units. For the purpose of goodwill impairment testing the Company's CGUs represent its operating segments which is consistent with the level goodwill is monitored.

Goodwill is tested annually for impairment, or more frequently when there is an indication that goodwill may be impaired. If the recoverable amount of the CGU, representing the higher of its fair value less cost to sell ("FVLCS") and its value in use, is less than its carrying amount, any resulting impairment loss is first allocated to goodwill and subsequently to other assets of the CGU on a pro rata basis. Any goodwill impairment loss is recorded in the consolidated statements of loss and comprehensive loss in the period of impairment. Previously recognized impairment losses for goodwill are not reversed in subsequent periods.

Upon the disposal of a CGU or group of CGUs, the portion of goodwill attributable to the CGU is included in the determination of profit or loss recorded in the consolidated statements of loss and comprehensive loss

Intangible assets

Identifiable intangible assets acquired in a business combination are recognized separately from goodwill if they meet the definition of an intangible asset and if their fair value can be measured reliably. The cost of these intangible assets equals their acquisition-date fair value. Subsequent to initial recognition, identifiable intangible assets acquired in a business combination are recorded at cost less accumulated amortization and impairment losses, if they are amortizable, otherwise only at cost net of accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are measured on initial recognition at cost, which comprises the purchase price plus any directly attributable costs of preparing the asset for intended use. Following initial recognition, such intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether this status continues to be appropriate.

| Class | Useful Life |
|--------------------|--------------------|
| Recipes & Formulas | 10-20 years |

Accounting standards issued but not yet effective

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.

Critical Accounting Estimates and Judgements

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

In preparing these condensed consolidated interim financial statements, management has made judgments, estimates and assumptions that affect the applicable of the Company's accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. Management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

In preparing these condensed consolidated interim financial statements, the significant estimates and critical judgments were the same as those applied to the consolidated financial statements as at and for the years ended March 31, 2021 and 2020, except as summarized below:

Asset Acquisition Versus Business Combination

Management had to apply judgment with respect to whether the acquisition of Saltspring Harvest (as defined in Note 7), was an asset acquisition or business combination. The assessment required management to assess the inputs, processes, and outputs of the company acquired at the time of acquisition. Acquisitions that do not meet the definition of a business combination are accounted for as asset acquisitions. Pursuant to the assessment, the Saltspring Harvest Acquisition was determined to be a business combination.

Determination of Purchase Price Allocations

Estimates are made in determining the fair value of assets, including the valuation of separately identifiable intangibles acquired as part of an acquisition. Management exercises judgment in estimating the probability and timing of when cash flows are expected to be achieved, which is used as the basis for estimating fair value. Future performance results that differ from management's estimates could result in changes to liabilities recorded, which are recorded as they arise through profit or loss. The fair value of identified intangible assets is determined using appropriate valuation techniques which are generally based on a forecast of the total expected future net cash flows of the acquiree. Valuations are highly dependent on the inputs used and assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

Subsequent Events

- On October 15, 2021, the Company acquired all the issued and outstanding shares of Pulse Kitchen Specialty Foods Ltd. In exchange for \$300,000 in cash and the issuance of 50,000 common shares, payable as follows.
 - a) \$100,000 payable on the closing date, minus \$10,000 deposit,
 - b) 50,000 common shares issued on the Closing Date,
 - c) \$100,000 payable six months from the date of closing and
 - d) \$100,000 twelve months from closing date
- On November 8, 2021, the Company closed a non-brokered private placement and issued 1,250,000 units at a price of \$1.00 per unit for gross proceeds of \$1,250,000. Each unit consists of one common share and one warrant exercisable at \$1.35 per share until expiry on November 8, 2024. In connection with the private placement, the Company issued 125,000 finder's units on the same terms as the placement units. In addition, the Company issued 125,000 broker's warrants exercisable to acquire shares at a price of \$1.00 per share until November 8, 2024, were issued. All securities issued in the private placement are subject to a four month hold period expiring on March 9, 2022.
- On November 13, 2021, the Company renewed its contract with James Pakulis, Chief Executive Officer for a period of one year in exchange for a one-time payment of \$50,000 and the issuance of 250,000 warrants exercisable at a price of \$2.00 per warrant until November 13, 2025.