BUSINESS ACQUISITION REPORT

Identity of Company

Name and Address of Company

BOOSH PLANT-BASED BRANDS INC. (the "Company")
103-6554 176 Street,
Surrey, British Columbia, V6S 4G5

Executive Officer

For additional information regarding any information contained in this Business Acquisition Report, please contact Maria Hussaini, Chief Financial Officer at (778) 883-6274.

Details of Acquisition

Nature of Business Acquired

The Company acquired substantially all of the assets comprising the business of Beanfields, Inc. (the "**Assets**").

Beanfields, Inc.("**Beanfields**") is a plant-based snack company producing multiple varieties of bean chips and cracklins sold in grocery stores in the United States and Canada.

On February 16, 2022 the Company completed its previously announced transaction acquiring the Assets. The acquisition was completed pursuant to the terms of a foreclosure sale agreement dated February 11, 2022 (the "**Sale Agreement**"), between the Company and Venture Lending & Leasing VIII, Inc. and Venture Lending & Leasing IX, Inc. (collectively, the "**Vendors**"), secured creditors of Beanfields which acquired the assets under a peaceful foreclosure .

Date of Acquisition

The acquisition date is February 16, 2022 (the "**Effective Date**").

Consideration

In consideration of the acquisition of the Assets (the "**Transaction**"), the Company issued to the Vendors and their nominees an aggregate of 8,000,000 common shares at a deemed price of $0.62 per share.

The Company also paid US$400,000 through the issuance of promissory notes to the Vendors bearing interest at a rate of 6% per annum (the "**Notes**"), with interest only payments until the 18 month maturity of the Notes, which Notes may also be prepaid at any time without penalty.

Finally, the Company will committed to providing Beanfields aggregate working capital funding of US$1,000,000, to be expended at the discretion of the Company, of which US$250,000 was funded upon the execution of the Sale Agreement on February 11, 2022 and the remainder was funded on March 10, 2022.

Effect on Financial Position

As a result of the acquisition, the Assets were transferred to Beautiful Beanfields, Inc., a wholly owned subsidiary of the Company incorporated for the purposes of completing the Transaction (the "**Subsidiary**").

There are no plans or proposals for any material changes in the Company's business affairs, or the affairs of the business of Subsidiary, which may have a significant effect on the financial performance and financial position of the Company, including any proposal to liquidate the business of the Company or the Subsidiary, to sell, lease or exchange all or a substantial part of its assets, to amalgamate the business or to make any other material changes to the business of the Company or Subsidiary.

Prior Valuations

No valuation required by securities legislation or a Canadian stock exchange or market to support the consideration payable to the Company pursuant to the acquisition transaction was obtained in the last 12 months by either the Company, or to the knowledge of the Company, by Beanfields or the Vendors.

Parties to Transaction

The acquisition was not with an informed person (as such term is defined in section 1.1 of National Instrument 51-102 *Continuous Disclosure Obligations*), associate or affiliate of the Company.

Date of Report

June 9, 2022.

Financial Statements

Pursuant to Part 8 of NI 51-102 and attached as Schedule A are the audited carve-out financial statements of the business of Beanfields as at and for the year ended December 31, 2021 with unaudited comparative for the year ended December 30, 2020 together with the notes thereto and the auditors' report thereon (the "**Audited Statements**").

The Company did not request and did not receive the consent of Beanfield's or the Company's auditors for the inclusion of the Audited Statements in this Business Acquisition Report.

Forward Looking Information

Certain information in this business acquisition report is forward-looking within the meaning of Canadian securities laws as it relates to anticipated financial performance, events or strategies. When used in this context, words such as will, anticipate, believe, plan, target, expect or similar words would suggest future outcomes.

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including the fair value of assets acquired and liabilities assumed, completing the analysis of the tax treatment of the acquisition, recording any related future income tax adjustments and the effective corporate tax rate and incurring additional expenses in connection with the transaction, as well as those factors discussed in the section "Risk Factors" of the Company's Listing Statement dated August 22, 2018 (which can be found on www.sedar.com under the Company's profile).

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but may prove to be inaccurate. Although the Company believes the assumptions and expectations reflected in such forward-looking information are reasonable, undue reliance should not be placed on forward-looking information because the Company can give no assurance that such expectations will prove to be correct. Readers are cautioned that the foregoing is not exhaustive of all factors and assumptions that may have been used.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws

Schedule "A"

Audited Statements

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Beanfields, Inc.

Carve-out Financial Statements
For the years ended December 31, 2021 and 2020
(Expressed in United States dollars)

Independent Auditor's Report

To the directors of Boosh Plant-Based Brands Inc.:

Opinion

We have audited the carve-out financial statements of Beanfields, Inc. (the "Company"), which comprise the carve-out statement of financial position as at December 31, 2021, and the carve-out statements of loss and comprehensive loss, changes in equity and cash flows for the year then ended, and notes to the carve-out financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying carve-out financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, and the results of its operations 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 Carve-out 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 carve-out 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 in the carve-out financial statements, which indicates that the Company incurred a comprehensive loss and cash outflows from operations during the year ended December 31, 2021. As stated in Note 1, 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.

Other Matter

The carve-out financial statements of the Beanfields, Inc. for the year ended December 31, 2020 were unaudited.

Responsibilities of Management for the Carve-out Financial Statements

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

In preparing the carve-out 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.

Auditor's Responsibilities for the Audit of the Carve-out Financial Statements

Our objectives are to obtain reasonable assurance about whether the carve-out 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 carve-out 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 carve-out 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 carve-out 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 carve-out financial statements, including the disclosures, and whether the carve-out financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management 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.

Vancouver, British Columbia

MNP LLP

June 9, 2022

Chartered Professional Accountants

MNP LLP

Beanfields, Inc.
Carve-out Statements of Financial Position
(Expressed in United States dollars)
As at December 31, 2021 and 2020

	Note		December 31, 2021		December 31, 2020 (Unaudited)
ASSETS					
Current assets					
Cash and cash equivalents		$	**68,259**	$	1,664,104
Accounts receivable	5		**424,113**		748,340
Inventory	6		**863,676**		1,293,946
Prepaid expenses and other current assets			**23,128**		127,412
Total current assets			**1,379,176**		3,833,802
Right-of-use assets	8		**-**		166,269
Property and equipment	7		**6,000**		13,654
Total assets		$	**1,385,176**	$	4,013,725
LIABILITIES AND EQUITY					
Current liabilities					
Accounts payable and accrued liabilities	9, 17	$	**1,811,854**	$	1,805,919
Current portion of loans and notes payable	11		**2,080,905**		1,092,593
Current portion of convertible notes payable	12		**2,483,137**		-
Current portion of lease liability	10		**-**		76,081
Current portion of derivative liability	12		**6,918**		-
Total current liabilities			**6,382,814**		2,974,593
Lease liability	10		**-**		104,922
Derivative liability	11, 12		**105,054**		220,588
Loans and notes payable	11		**546,255**		1,901,568
Convertible notes payable	12		**-**		1,757,687
Total liabilities			**7,034,123**		6,959,358
Net investment			**(5,648,947)**		(2,945,633)
Total equity			**(5,648,947)**		(2,945,633)
Total liabilities and equity			**1,385,176**		4,013,725

Nature of operations and going concern (Note 1)
Subsequent events (Note 1)

Approved by the Board of Directors of Boosh Plant-Based Brands Inc.:

Maria Hussaini
Director

Connie Marples
Director

Beanfields, Inc.

Carve-out Statements of Loss and Comprehensive Loss
For the years ended December 31, 2021 and 2020
(Expressed in United States dollars)

	Note		For the year ended December 31, 2021		For the year ended December 31, 2020 (Unaudited)
Net revenues	13	$	**8,825,108**	$	10,025,445
Cost of revenue	14		**6,495,686**		7,200,497
Gross profit			**2,329,422**		2,824,948
Expenses					
General and administrative	15		**2,205,297**		2,267,099
Share-based compensation	18		**73,330**		162,217
Selling			**2,112,616**		3,018,399
Depreciation			**15,069**		87,416
			(4,406,312)		(5,535,131)
Other items					
Interest expenses and accretion	10, 11, 12		**576,189**		520,312
Business transaction cost	20		**128,954**		8,225
Legal settlements	20		**7,500**		285,000
Inventory write-down due to fire	6		**118,768**		-
Loss (gain) on debt modification	11, 12		**(4,601)**		3,965
Loss on lease termination	10		**5,265**		-
Change on fair value of derivative liability	11, 12		**(139,814)**		16,647
Other expenses (income)	16, 19		**182,723**		(271,736)
			(874,984)		(562,413)
Net loss and comprehensive loss			**(2,951,874)**		**(3,272,596)**

Beanfields, Inc.
Carve-out Statements of Changes in Equity
For the years ended December 31, 2021 and 2020
(Expressed in United States dollars)

	Note		**For the year ended December 31, 2021**		For the year ended December 31, 2020 (Unaudited)
Net investment, beginning of year		**$**	**(2,945,633)**	$	159,579
Net loss			**(2,951,874)**		(3,272,596)
Net change in net investment	18, 19		**248,560**		167,384
Net investment, end of year		**$**	**(5,648,947)**	$	(2,945,633)

The accompanying notes form an integral part of these carve-out financial statements.

Beanfields, Inc.

Carve-out Statements of Cash Flows
For the years ended December 31, 2021 and 2020
(Expressed in United States dollars)

	Note		For the year ended December 31, 2021		For the year ended December 31, 2020 (Unaudited)
Cash flows from operating activities					
Net loss		$	(2,951,874)	$	(3,272,596)
Items not affecting cash:					
Bad debt expense	15		26,970		30,896
Depreciation	7, 8		15,069		87,416
Accrued interest and accretion	10, 11, 12		576,782		514,279
Share-based compensation	18		73,330		162,217
Loss on termination of distribution agreement by warrants	19		175,230		-
Loss (gain) on debt modification	11, 12		(4,601)		3,965
Loss on lease termination	10		5,265		-
Change on fair value of derivative liability	11, 12		(139,814)		16,647
Inventory write-down due to fire	6		118,768		-
Changes in non-cash working capital					
Accounts receivable			297,257		(177,428)
Prepaid expenses			78,284		53,269
Accounts payable and accrued liabilities			7,588		(67,043)
Inventory			311,502		(248,113)
Net cash flows used in operating activities			(1,410,244)		(2,896,491)
Cash flows from investing activities					
PPE acquisition			-		(3,368)
Net cash flows used in investing activities			-		(3,368)

The accompanying notes form an integral part of these carve-out financial statements.

Beanfields, Inc.

Carve-out Statements of Cash Flows
For the years ended December 31, 2021 and 2020
(Expressed in United States dollars)

Cash flows from financing activities				
Lease payments		(5,775)		(91,344)
Repayments on notes payable		(635,775)		(589,415)
Cash transaction costs paid		(5,000)		(13,750)
Proceeds from issuance of notes payable		-		1,250,000
Proceeds from issuance of convertible notes		500,000		1,775,000
Change in net investment		-		5,167
Repayment of shareholder loans		(39,051)		(114,053)
Net cash flows provided by (used in) financing activities		(185,601)		2,221,605
Change in cash	$	(1,595,845)	$	(678,254)
Cash				
Beginning of year	$	1,664,104	$	2,342,358
End of year	$	68,259	$	1,664,104
Supplemental cash flow disclosure				
Interest paid	$	179,852	$	317,040

The accompanying notes form an integral part of these carve-out financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Beanfields, Inc. was incorporated on December 19, 2014, under the Laws of Delaware. The registered and records office of Beanfields is located at 16192 Coastal Highway, Lewes, Sussex County, Delaware, USA.

The Company was formed to provide nutritious plant-based, certified gluten free and non-GMO Project verified alternatives to mainstream snacks.

On January 27, 2022, Beanfields, Inc. ("Beanfields" or the "Company") entered into a peaceable foreclosure agreement (the "Peaceable Foreclosure Agreement") with one secured creditor ("WTI") through two funds (the "Secured Creditor") which was approved by the Board of Directors on the same day. Pursuant to the Peaceable Foreclosure Agreement, as of January 27, 2022, two creditors obtained possession of all collateral assets, including but not limited to, inventory, fixtures, equipment, accounts receivable, and intellectual properties (the "Collateral Assets"), as a result of continuous delinquent payments on the secured loans owned to the creditors. The Secured Creditors shall have no obligation to maintain or preserve the rights of the Company in the Collateral Assets against the claims of third parties.

On February 16 2022, Boosh Plant-Based Brands Inc. ("Boosh") entered into and closed an asset purchase agreement (the "Asset Purchase Agreement") with the Secured Creditors of Beanfields. Pursuant to the Asset Purchase Agreement, Boosh purchased all of the Collateral Assets excluding the cash, fixtures, deposits and accounts receivable for consideration of a secured promissory note of $400,000 and 8,000,000 common shares of Boosh.

These carve-out financial statements ("Statements") have been derived from the accounts of Beanfields. These Statements reflect the historical results of operations, financial position and cash flows of the carve-out operations, which includes all operations of the business aside from equity transactions which are excluded and presented combined with retained earnings as net investment. The Statements may not necessarily be indicative of the operating results and financial position that would have resulted had the equity accounts been included in full.

Changes in net investment represents warrants issued and the share-based compensation derived from stock options granted to employees and others.

Going concern

These Statements have been prepared on the basis of accounting principles applicable to going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. For the year ended December 31, 2021, the Company has recurring operating losses and significant cash used in operating activities. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

1. NATURE OF OPERATIONS AND GOING CONCERN (continued)

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to obtain financing from parent and generate profits and positive cash flows from operations in order to cover its operating costs. From time to time, the Company generates working capital to fund its operations by raising additional capital through debt and/or equity investment from parent. However, there is no assurance it will be able to continue to do so in the future. These Statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the Company's Statements.

2. BASIS OF PRESENTATION

a) Statement of compliance

These 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").

These Statements have been prepared on a historical cost basis. In addition, they have been prepared using the accrual basis of accounting, except for the cash flow information.

These Statements are not necessarily indicative of future operating results.

All comparative information is unaudited.

The Statements were approved and authorized for issuance on June 9, 2022 by the Board of Directors of Boosh.

b) Foreign currencies

The reporting and reporting currency of Beanfields is the Unites States dollar ("USD").

Transactions in currencies other than the functional currency are recorded at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rate prevailing at each reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate on the date of the initial transaction. Non-monetary items that are measured at fair values are reported at the exchange rate on the date when fair values are determined. Foreign currency translation differences are recognized in profit or loss.

2. BASIS OF PRESENTATION (continued)

c) Use of accounting estimates and judgements

The preparation of the Statements in accordance with IFRS requires management to make estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the Statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates, and as such, the estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Information about critical estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the Statements within the next financial year are discussed below:

Inventory

In calculating final inventory values, management is required to determine an estimate of spoiled, obsolete or expired inventory and compares the inventory cost to estimated net realizable value. The Company must determine if the cost of any inventory exceeds its net realizable value, such as cases where prices have decreased or inventory has spoiled or has otherwise been damaged.

Estimated useful lives and depreciation of property and equipment

Depreciation of property and equipment are dependent upon estimates of useful lives which are determined through the exercise of judgment. Changes to the estimated useful life of property and equipment could result in differences in their carrying amounts.

Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in leases where it is the lessee. As such, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of comparable value to the right-of-use asset in a similar economic environment. IBR therefore reflects what the Company "would have to pay", which requires estimation when no observable rates are available or where the applicable rates need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Share-based compensation

Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

Fair value of derivative liabilities

Certain of the Company's liabilities are measured at fair value. In estimating fair value the Company uses market-observable data to the extent it is available. In certain cases where Level 1 inputs are not available the Company uses its judgement to select a variety of methods and make assumptions that are based on market conditions existing at the end of each reporting period. Information about the

2. BASIS OF PRESENTATION (continued)

c) Use of accounting estimates and judgments (continued)

Fair value of derivative liabilities (continued)

Valuation techniques and inputs used in determining the fair value of derivative liabilities are disclosed in the notes 11 and 12.

Accounts receivable

The Company's assessment of collectability of its accounts receivable requires estimates. Ongoing estimates are made relating to the ability to collect accounts receivable and maintain an allowance for estimated credit losses resulting from the inability of customers to make required payments. In assessing the amount of extended credit losses, the Company uses historical trends to determine the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends

Judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the carve-out financial statements are outlined below.

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. The factors considered by management are disclosed in Note 1.

Convertible financial instruments and embedded derivative

The identification of convertible note components is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition of the convertible notes at issuance and the subsequent recognition of interest on the liability component. Judgment is also applied in determining whether an embedded derivative is closely related to the host contract, in which case bifurcation and separate accounting are not necessary.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied and consistently presented in these Statements, unless otherwise indicated.

a) Operating Segment

An operating segment is a component of the Company: (a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), (b) whose operating results are regularly reviewed by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and (c) for which discrete financial information is available. During the years ended December 31, 2021 and 2020, the Company has only one operating segment located in the United States.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Revenue Recognition

Revenue is recognized at the point in which the performance obligation under the terms of a contract with the customer have been satisfied and control has transferred. The Company's performance obligation is typically defined as the accepted purchase order with the customer which requires the Company to deliver the requested products at agreed upon prices at the time and location of the customer's choice. The Company satisfies its performance obligation and transfers control to the customer upon customer receipt of the product.

Revenue is measured at the fair value of the consideration received or receivable, net of estimated returns and discounts. The time between invoicing and when payment is due is not significant. None of the Company's customer contracts contain a significant financing component.

The Company routinely offers sales discounts and promotions through various programs to its customers and consumers. These programs include discounts, free samples to open new customer accounts or expand products sold to existing accounts, products as contest prizes on social media and other trade activities.

The Company accounts for consideration payable to a customer as a reduction of the transaction price and, therefore, of revenue unless the payment to the customer is in exchange for a distinct good or service.

c) Inventories and cost of sales

Inventories are recorded at lower of cost or net realizable value. The Company accounts for inventory using the FIFO (first-in-first-out) method. Inventories are comprised primarily of packing supplies and manufactured finished products purchased from contracted vendors. The Company reviews the quantities and conditions of the inventory on hand on a regular basis and records a provision for items with less than 90 days of shelf life remaining. Spoiled and expired items are written off when incurred. Any write-down in inventory that is ordinary is included in cost of sales for the period.

d) Financial instruments

Recognition, classification, and measurement

Financial assets are classified and measured based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. IFRS 9 contains three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL"). Financial assets are recognized in the carve-out statements of financial position if the Company has a contractual right to receive cash or other financial assets from another entity. Financial assets are derecognized when the rights to receive cash flows from the asset have expired or were transferred and the Company has transferred substantially all risks and rewards of ownership.

All financial liabilities are recognized initially on the transaction date at which the Company becomes a party to the contractual provisions of the instruments. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial instruments are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company has classified its accounts receivable, accounts payable, convertible notes and loans and notes payable as financial assets and financial liabilities measured at amortized cost. Such assets and liabilities are recognized initially at fair value inclusive of any directly attributable transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment losses. The Company has classified its cash as a financial asset measured at fair value through profit and loss. Derivative financial instruments entered into by the Company that do not meet hedge accounting criteria are classified as FVTPL.

Financial assets and financial liabilities are offset and the net amount presented in the carve-out statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost. Loss allowances for accounts receivable are always measured at an amount equal to lifetime expected credit losses if the amount is not considered fully recoverable. A financial asset carried at amortized cost is considered credit-impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Individually significant financial assets are tested for credit-impairment on an individual basis. The remaining financial assets are assessed collectively.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Losses are recognized in the carve-out statements of loss and comprehensive loss and reflected in an allowance account against accounts receivable. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the carve-out statements of loss and comprehensive loss.

e) Property and equipment

Property and equipment is recorded at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. This includes the purchase price, any other costs directly attributable to bringing the assets to a working condition for intended use and the costs of dismantling and removing the items and restoring the site on which they are located.

Where an item of equipment comprises significant parts with useful lives that are significantly different from that of the asset as a whole, the parts are accounted for as separate items of equipment and depreciated accordingly. An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from derecognizing an asset determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment is depreciated over its estimated useful life. Costs for normal repairs and maintenance that do not extend economic life or improve service potential are expensed as incurred. Costs of improvements that extend economic life or improve service potential are capitalized and depreciated over the estimated remaining useful life.

The Company commences recording depreciation when the assets are in a working condition ready for use using the straight-line method at the following rates:

Class	Useful Life
Computer and software	3 years
Furniture and fixtures	5-7 years
Trade booth	5 years

f) Impairment of assets

The carrying amount of the Company's non-financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the carve-out statements of loss and comprehensive loss.

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 an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. Any reversal of impairment cannot increase the carrying value of the asset to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

g) Share-based compensation

The Company grants stock options to purchase common shares of the Company to directors, officers, employees, and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee. The fair value of stock options is measured on the grant date using the Black-Scholes option pricing model and is recognized over the vesting period. Share-based payments are initially recorded to reserves. Subsequently, the amount together with the consideration received for the shares on the exercise of share-based payments are credited to share capital.

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 fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the obligation amount can be made. The amount recognized is the best estimate of the consideration required to settle the present obligation at the carve-out statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

i) Convertible notes payable and derivative liability

Convertible notes payable are financial instruments which are accounted for separately, dependent on the nature of their components: a financial liability and an equity instrument. The identification of such components embedded within a convertible note requires significant judgment given that it is based on the interpretation of the substance of the contractual arrangement. Where the conversion option has a fixed conversion rate, the financial liability, which represents the obligation to pay coupon interest on the convertible notes in the future, is initially measured at its fair value and subsequently measured at amortized cost. The residual amount is accounted for as an equity instrument at issuance. Where the conversion option has a variable conversion rate, the conversion option is recognized as a derivative liability measured at fair value through profit and loss. The residual amount is recognized as a financial liability and subsequently measured at amortized cost.

The convertible note is considered to contain an embedded derivative relating to the conversion feature. The conversion feature was measured at fair value upon initial recognition and was separated from the debt component of the note. The debt component of the note was measured at residual value upon initial recognition. Subsequent to initial recognition, the embedded derivative component is re-measured at fair value at each reporting date while the debt component is accreted to the face value of the note using the effective interest rate through periodic charges to accretion expense over the term of the note.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Lease

At inception of a contract, the company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset on the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term. Judgment is applied to determine the lease term where a renewal option exists. Right-of-use assets are depreciated using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. In addition, the right-of-use assets may be reduced by impairment losses or adjusted for certain remeasurements of the lease liability.

The company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less. The lease payments are recognized as an expense when incurred over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments include fixed payments, and variable payments that are based on an index or rate.

k) Net investment

In the carve-out statements of financial position, net investment represents historical investment in the Company including the issuance of shares as well as the issuance of options and warrants, and our accumulated net losses.

4. 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.

(Expressed in United States dollars)

4. BASIS OF FAIR VALUE (continued)

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, loans and notes payable, convertible notes payable, and derivative liability. Cash is measured at fair value on a recurring basis using level 1 inputs. Derivative liability is measured at fair value at each reporting period end using level 3 inputs. The continuity and valuation techniques that are sued to determine the fair value of derivatives are described in Note 11(c) and Note 12.

The carrying values of the Company's accounts receivable and accounts payable approximate their fair values due to their short-term maturities. The carrying value of the loans and nots payable and convertible notes payable approximates their fair value, because the interest rate on these debts approximates market rate.

5. ACCOUNTS RECEIVABLE

		December 31, 2021		December 31, 2020 (Unaudited)
Accounts receivable	$	475,113	$	779,236
Less: expected credit loss		(51,000)		(30,896)
	$	424,113	$	748,340

During the year ended December 31, 2021 and December 31, 2020,, the Company recorded bad debt expense of $26,970 and $30,896 (unaudited), respectively (Note 15).

6. INVENTORY

Inventory consists of finished goods and raw materials. The following is a breakdown of inventory at December 31, 2021 and 2020:

		December 31, 2021		December 31, 2020 (Unaudited)
Finished goods	$	534,394	$	1,018,022
Raw materials		329,282		275,924
	$	863,676	$	1,293,946

During the year ended December 31, 2021 and December 31, 2020, the Company expensed $6,157,528 and $6,937,942 (unaudited), respectively, of inventory in the cost of sales. In addition, the Company recorded a write-down on inventory of $118,768 and $nil (unaudited), respectively, included in the other items on the carve-out statements of loss and comprehensive loss related to a fire at a third-party warehouse.

(Expressed in United States dollars)

7. PROPERTY AND EQUIPMENT

Cost	Computer and software	Furniture and fixtures	Trade booth	Total
Balance, January 1, 2020 (Unaudited)	35,981	7,289	30,000	73,270
Additions	3,368	-	-	3,368
Balance, December 31, 2020 (Unaudited)	39,349	7,289	30,000	76,638
Disposals	(39,349)	(7,289)	-	(46,638)
Balance, December 31, 2021	**$ -**	**$ -**	**$ 30,000**	**$ 30,000**
Accumulated Depreciation				
Balance, January 1, 2020 (Unaudited)	28,832	7,289	12,000	48,121
Depreciation	8,863	-	6,000	14,863
Balance, December 31, 2020 (Unaudited)	37,695	7,289	18,000	62,984
Depreciation	-	-	6,000	6,000
Disposals	(37,695)	(7,289)	-	(44,984)
Balance, December 31, 2021	**$ -**	**$ -**	**$ 24,000**	**$ 24,000**
Carrying Amounts				
At December 31, 2020 (Unaudited)	$ 1,654	$ -	$ 12,000	$ 13,654
At December 31, 2021	**$ -**	**$ -**	**$ 6,000**	**$ 6,000**

8. RIGHT-OF-USE ASSETS

Balance, January 1, 2020 (Unaudited)	238,822
Depreciation	(72,553)
Balance, December 31, 2020(Unaudited)	166,269
Depreciation	(9,069)
Disposals	(157,200)
Balance, December 31, 2021	**$ -**

The lease was terminated on February 15, 2021 with a loss on termination of $5,265 (Note 10).

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payables and accrued liabilities consists of the following:

	December 31, 2021	December 31, 2020 (Unaudited)
Accounts payable	$ 1,525,835	$ 1,343,912
Accrued liabilities	286,019	462,007
	$ 1,811,854	$ 1,805,919

(Expressed in United States dollars)

10. LEASE LIABILITY

The Company's lease liability consists of its office and warehouse space. The present value of future lease payments was measured using an incremental borrowing rate of 12.50% per annum on initial adoption of IFRS 16 *Leases* on January 1, 2019.

Balance as at January 1, 2020 (Unaudited)	$	245,701
Interest expenses		26,646
Lease payments		(91,344)
As at December 31, 2020 (Unaudited)	$	181,003
Interest expenses		2,707
Lease payments and security deposits not refunded		(31,775)
Disposals		(151,935)
As at December 31, 2021	$	-

Lease liability		**December 31, 2021**		December 31, 2020 (Unaudited)
Current portion	$	-	$	76,081
Non-current portion		-		104,922
Total lease liability	$	-	$	181,003

On February 15, 2021, the lease was terminated upon mutual agreement by the Company and the lessor. The Company made the last lease payment of $5,775 and did not pursue the refund of security deposit of $26,000, resulting in a loss on lease termination of $5,265, which was recorded on the carve-out statement of loss and comprehensive loss for the year ended December 31, 2021.

11. LOANS AND NOTES PAYABLE

The Company's loans and notes payable are consisted of the following:

		December 31, 2021		December 31, 2020 (Unaudited)
Shareholder loans payable (a)	$	21,528	$	60,579
Shareholder notes payable (b)		251,939		240,323
Notes payable (c)		2,353,693		2,693,259
Total	$	2,627,160	$	2,994,161
Less: current portion		2,080,905		1,092,593
Non-current portion	$	546,255	$	1,901,568

(Expressed in United States dollars)

11. LOANS AND NOTES PAYABLE (continued)

a) From time to time, the Company receives loans from certain parties, including related parties. Such loans are non-interest-bearing, unsecured and due on demand. During the years ended December 31, 2021 and 2020, the Company repaid loans of $39,051 and $114,053 respectively, to a related party (Note 17). As at December 31, 2021 and December 31, 2020, the Company had loans of $nil and $39,051, respectively payable to a director of the Company (Note 17).

b) On April 7, 2017, the Company issued a promissory note payable to a counterparty in the original principal amount of $250,000, bearing an annual interest rate of 5%, unsecured, and due on December 31, 2020. On June 18, 2018, the Company entered into an amendment to the promissory note ("1st Amendment"). Pursuant to the 1st Amendment, the annual interest rate was revised to 7% and as a consideration for the amendment, the Company issued 45,000 common shares with a fair value of $9,648 to the counterparty. The Company repaid principal of $50,000 and accrued interest of $14,623 as of the amendment date. On April 24, 2020, the Company entered into a second amendment to the promissory note ("2nd Amendment") to extend the maturity date to December 31, 2022. Further both 1st and 2nd Amendment included the waiver of repayment rights in the event of certain qualified financing. The modification was non-substantial, and thus, modification accounting applied. The 2nd Amendment modification resulted in a loss on modification of $3,965. During the year ended December 31, 2021 and December 31, 2020, the accretion expenses of the promissory notes totaled $11,616 and$11,253, respectively. As at December 31, 2021 and December 31, 2020, the carrying value of the promissory note was $251,939 and $240,323, respectively, which was included in the current portion of loans and notes payable on the carve-out statements of financial position.

The following table shows the movement of the promissory note payable:

Balance as at January 1, 2020 (unaudited)	$	225,105
Accrued interest		7,777
Accretion		3,476
Impact on modification		3,965
Balance as at December 31, 2020 (unaudited)		240,323
Accrued interest		9,666
Accretion		1,950
Balance as at December 31, 2021	$	251,939

11. LOANS AND NOTES PAYABLE (continued)

c) On May 18, 2019, the Company entered into a credit facility agreement with Western Technology Investment (the "WTI Credit Facility"), for a total commitment of $3,000,000. Pursuant to the agreement, the Company shall grant a first security priority lien on all assets of the Company. Annual interest rate is 12.5%.

First draw

On June 28, 2019, the Company received the first draw with total gross proceeds of $1,750,00 from the WTI Credit Facility and issued two promissory notes of $875,00 to each of Venture Lending & Leasing VIII, Inc. ("VLL8") and Venture Lending & Leasing IX, Inc. ("VLL9"), both under the control of WTI, with the following monthly repayment schedule for each of the promissory notes:

- Interest only payment of $911.49 for the period from June 28, 2019 to June 30, 2019 on June 28, 2019;
- Interest only monthly installment of $9,114.88 for the period from July 1, 2019 to and including September 1, 2020 on the first day of each month;
- Commencing October 1, 2020, $33,699.89 on the first day of each month until March 1, 2023.

In connection with the each of the two promissory notes, the Company paid document fees of $5,250 and commitment fees of $4,375 in cash and issued warrants to purchase Series B preferred shares ("Series B") of the Company or any subsequent round shares of the Company for a total coverage amount of (i) $82,500 and (ii) 5.5% of the aggregate original amount of the loans received by the Company. The exercise price, if the holder chooses to be exercisable for Series B is the lesser of (i) $1.1055 per share and (ii) the lowest price per share at which the Company has sold (as of any date of determination), or if holder chooses to be exercisable for any subsequent round shares, the exercise price is the lowest price per share paid by any person during the same round. The warrants expire on March 31, 2035. As the warrant gave rise to a contractual liability for the Company to deliver a variable number of shares, it's determined to be a derivative liability. On issuance, the fair value of each of the two warrants was $22,336 using the Option Pricing Model ("OPM") with the assumptions including: expected dividend rate – 0%, expected volatility – 60%, risk-free rate – 1.43%, share price - $0.34 and expected remaining life of 3 years.

The effective interest rate of each of the two promissory notes was 14.24%.

Second draw

On March 31, 2020, the Company received the second draw with total gross proceeds of $1,250,000 from the WTI Credit Facility and issued two promissory notes of $625,00 to each of VLL8 and VLL9, with the following monthly repayment schedule for each of the promissory notes:

- Interest only payment of $217.02 for on March 31, 2020;
- Interest only monthly installment of $6,510.63 for the period from April 1, 2020 to and including September 1, 2020 on the first day of each month;
- Commencing October 1, 2020, $24,097.80 on the first day of each month until March 1, 2023.

11. LOANS AND NOTES PAYABLE (continued)

In connection with the each of the two promissory notes, the Company paid document fees of $3,750 and commitment fees of $3,125 in cash and issued warrants to purchase Series B preferred shares ("Series B") of the Company or any subsequent round shares of the Company for a total coverage amount of 5.5% of the aggregate original amount of the loans received by the Company. The exercise price, if the holder chooses to be exercisable for Series B is the lesser of (i) $1.1055 per share and (ii) the lowest price per share at which the Company has sold (as of date of determination), or if holder chooses to be exercisable for any subsequent round shares, the exercise price is the lowest price per share paid by any person during the same round. The warrants expire on March 31, 2035. As the warrant gave rise to a contractual liability for the Company to deliver a variable number of shares, it's determined to be a derivative liability. On issuance, the fair value of each of the two warrants was $6,576 using the OPM with the assumptions including: expected dividend rate – 0%, expected volatility – 63.17%, risk-free rate – 0.50%, share price - $0.34 and expected remaining life of 3 years.

The effective interest rate of each of the two promissory notes was 13.90%.

Amendment

On May 1, 2021, the Company entered into an amendment to all of the above four promissory notes (the "Amendment"). The carry value of the notes payable to each of VLL8 and VLL9 was $1,155,763 before the modification. Pursuant to the Amendment, the repayment schedule for the total amount owed to each of the two creditors is revised as below:

- $28,898.85 due on the first of each month for the period from and including May 1, 2021 to July 1, 2021;
- $57,797.69 due on the first of each month for the period from and including August 1, 2021 to March 31, 2023.

The Company paid document fees of $2,500 to each of VLL8 and VLL9 in cash. As a consideration for the Amendment, to each of the two creditors, the Company issued warrants to purchase Series B preferred shares ("Series B") of the Company or any subsequent round shares of the Company for a total coverage amount of $20,000. The exercise price, if the holder chooses to be exercisable for Series B is the lesser of (i) $1.1055 per share and (ii) the lowest price per share at which the Company has sold (as of date of determination), or if holder chooses to be exercisable for any subsequent round shares, the exercise price is the lowest price per share paid by any person during the same round. The warrants expire on March 31, 2035. As the warrant gave rise to a contractual liability for the Company to deliver a variable number of shares, it's determined to be a derivative liability. On issuance, the fair value of each of the two warrants was $6,177 using the OPM with the assumptions including: expected dividend rate – 0%, expected volatility – 99.8%, risk-free rate – 0.52%, share price - $0.34 and expected remaining life of 3 years.

The modification was determined to be non-substantial and thus the modification accounting applied. As a result of the modification, the Company recognized a gain on modification of $4,601 for the year ended December 31, 2021.

(Expressed in United States dollars)

11. LOANS AND NOTES PAYABLE (continued)

The following table shows the movement of the promissory note payable:

		Notes		Derivative liability
Balance as at January 1, 2020 (unaudited)	$	1,696,879	$	59,793
Addition		1,223,098		13,152
Accrued interest & accretion		362,697		-
Payments		(589,416)		-
Change in fair value		-		39,201
Balance as at December 31, 2020 (unaudited)		2,693,259		112,146
Addition		-		12,354
Accrued interest & accretion		318,165		-
Transaction costs		(17,354)		-
Payments		(635,775)		-
Impact on modification		(4,601)		-
Change in fair value		-		(19,446)
Balance as at December 31, 2021	$	2,353,694		105,054

During the year ended December 31, 2021 and December 31, 2020, the Company recognized a total gain in change of fair value for derivative liability of $19,446 and a loss of $39,201, respectively. At December 31, 2021 and December 31, 2020, the total fair value of the derivative liability for all warrants associated with the WTI Credit Facility were $105,054 and $112,146, respectively.

The following weighted average assumptions were used to estimate the fair values of warrants issued during the years ended December 31, 2021 and 2020.

	2021	2020
Share price	$0.34	$0.34
Risk-free interest rate	0.25%	1.02%
Expected life (years)	7.13	6.63
Annualized volatility	105.9%	96.3%
Dividend yield	-%	-%

The Company stopped payments on July 1, 2021 and August 1, 2021, respectively, on each of the two credit facilities to WTI as a result of lack of funding.

Subsequent to the year-end on January 27 2022, according to a Peaceable Foreclosure Agreement between the Company and VLL8 and VLL9, all assets of the Company were taken possession of by VLL8 and VLL9 (Note 1). The liabilities to VLL8 and VLL9 were extinguished upon the execution of the Peaceable Foreclosure Agreement.

(Expressed in United States dollars)

12. CONVERTIBLE NOTES PAYABLE

The Company issued a series of unsecured convertible notes to certain parties which are summarized below:

	December 31, 2021		December 31, 2020 (Unaudited)	
	Face value	**Carrying value**	Face value	Carrying value
Issued on April 3, 2020	$ 1,000,000	$ 1,127,322	$ 1,000,000	$ 1,012,168
Issued on April 15, 2020	200,000	225,127	200,000	203,529
Issued on July 15, 2020	50,000	54,850	50,000	49,550
Issued on August 26, 2020	75,000	80,171	75,000	70,908
Issued on September 14, 2020	150,000	159,473	150,000	140,886
Issued on September 24, 2020	300,000	317,500	300,000	280,646
Issued on May 17, 2021	500,000	518,694	-	-
Total	$ 2,275,000	$ 2,483,137	$ 1,775,000	$ 1,757,687

The convertible notes bear an annual interest rate of 8% and are due on the same date as the issuance date in 2022. All the convertible notes carry three contingent settlement provisions as below:

a. Upon the closing of the first equity financing by the Company following the date of issuance that results in not less than $2,500,000 in gross proceeds for the Company and in which the Company issues senior preferred stock (i.e., preferred stock that ranks senior to the Company's common stock and all other series of preferred stock) (such equity financing, a "Qualified Financing"), the outstanding principal of the note and all accrued and unpaid interest shall automatically convert into the preferred stock of the Company issued by the Company in the Qualified Financing (and not a sub-series of such preferred stock) (each, a "Preferred Share" and collectively, the "Preferred Shares") at a conversion price equal to the lesser of (i) seventy-five percent (75%) of the lowest price paid per Preferred Share in such Qualified Financing, or (ii) the quotient of $25,000,000 divided by the aggregate number of outstanding shares of the Company's capital stock as of immediately prior to the initial closing of the Qualified Financing (assuming full conversion or exercise of all convertible and exercisable securities then outstanding other than the Notes), and otherwise on the same terms and conditions as given to investors in the Qualified Financing ("Provision a");

(Expressed in United States dollars)

12. CONVERTIBLE NOTES PAYABLE (continued)

b. In the event that a Qualified Financing is not consummated prior to the maturity Date, then the majority holders may elect (instead of calling repayment), by providing written notice to the Company, to convert the outstanding principal and any unpaid accrued interest under the notes into shares of the most senior class and series of capital stock of the Company, effective as of the maturity date, at a conversion price equal to the quotient of $25,000,000 divided by the aggregate number of outstanding shares of the Company's capital stock as of the maturity date (assuming full conversion or exercise of all convertible and exercisable securities then outstanding other than the convertible notes) ("Provision b");

c. In the event of sale of the Company, the holder shall have the option to (i) at the closing of the sale, an aggregate amount equal to 200% of the outstanding principal plus accrued and unpaid interest; (ii) immediately prior to the closing of the sale, shares of the most senior outstanding class and series of capital stock of the Company equal to the number of shares result from dividing the total outstanding principal and any unpaid accrued interest under the note by the quotient resulting from dividing $25,000,000 by the aggregate number of outstanding shares of the Company's capital stock outstanding as of immediately prior to the closing of such sale of the Company (assuming full conversion or exercise of all convertible and exercisable securities then outstanding other than the convertible notes) ("Provision c").

Management determined that the likelihood of Provision a and c were remote on the issuance dates of all convertible notes and as at December 31, 2021 and December 31, 2020. As at December 31, 2021, Provision a and c remained as remote. Provision b above was determined to be probable on issuance date and at each period end. As the convertible notes do not have a fixed conversion price, it does not meet the fixed for fixed criteria, therefore the conversion feature was classified as a derivative liability. The fair value of the conversion feature was determined using the FINCAD Convertible Bond model based on the following assumptions:

	2021		2020	
	Issuance Date	Year End	Issuance Date	Year End
Risk-free interest rate	0.05%	0.14% -0.30%	0.14% -0.23%	0.11% -0.12%
Expected life (years)	0.88	0.26 – 0.73	2	1.26 – 1.73
Annualized volatility	113.7%	74.3%-111.3%	82.1% - 108.4%	105% -108.7%
Share price	$ 0.34	$ 0.34	$ 0.34	$ 0.34

The residual debt host portion of the convertible notes was accreted using effective interest rates ("EIR") of approximately 11% to 13% per annum. The fair value of conversion feature is subject to remeasurement at each period end.

(Expressed in United States dollars)

12. CONVERTIBLE NOTES PAYABLE (continued)

The movement of the convertible notes and derivative liability for the years ended December 31, 2021 and 2020 is as follows:

	December 31, 2021		December 31, 2020 (Unaudited)	
	Convertible notes	**Derivative liability**	Convertible notes	Derivative liability
Beginning balance	$ 1,757,687	$ 108,442	$ -	$ -
Addition	481,156	18,844	1,644,004	130,996
Accretion expense	77,310	-	30,598	-
Accrued interest	166,984	-	83,085	-
Fair value adjustment	-	(120,368)		(22,554)
Total	$ 2,483,137	$ 6,918	$ 1,757,687	$ 108,442

Subsequent to year-end, as a result of a peaceful foreclosure by the secured lenders, all assets were possessed by VLL8 and VLL9 (Note 1). The convertible notes holders did not have rights or claims to any of the Company's assets.

13. NET REVENUES

The Company generates revenue primarily from the sale and delivery of nutritious plant-based, certified gluten free and non-GMO Project verified snacks to its customers through distributors and retail stores. The Company has only one operating segment, being in the United States for the years ended December 31, 2021 and 2020.

Revenue is generated by sales to customers from three geographical markets, being the United States, Canada and International and is recognized upon shipping or delivery of purchased orders to customers. Net revenues for the years ended December 31, 2021 and 2020 are summarized in the table below.

	2021	2020 (Unaudited)
United States	$ **7,688,606**	$ 8,583,175
Canada	**817,627**	944,585
International	**318,875**	497,685
	$ **8,825,108**	$ 10,025,445

As at December 31, 2021 and 2020, all of the Company's non-current assets are located in the United States.

14. COST OF REVENUES

The following is a breakdown of cost of revenue for the years ending December 31, 2021 and 2020:

	2021	2020 (Unaudited)
Product costs (Note 6)	$ **6,157,528**	$ 6,937,942
Freight-in, packaging and supplies	**338,158**	262,555
Total	$ **6,495,686**	$ 7,200,497

(Expressed in United States dollars)

15. GENERAL AND ADMINISTRATION EXPENSE

The following is a breakdown of general and administrative expenses for the years ending December 31, 2021 and 2020:

	For the year ended December 31, 2021	2020 (Unaudited)
Salaries and benefits	$ **842,485**	$ 862,488
Operations	**202,209**	167,528
Marketing	**85,445**	161,528
Digital	**542,777**	604,106
Professional fees	**351,559**	285,971
Office	**125,974**	120,196
Bad debt	**26,970**	30,896
Bank charges	**12,005**	17,551
Travel	**15,873**	17,169
	$ **2,205,297**	$ 2,267,099

16. GOVERNMENT ASSISTANCE

Paycheck Protection Program

During the year ended December 31, 2020, the Company was granted a loan under the Paycheck Protection Program (the "PPP Loan") totaling $284,800, which was included in other expense (income) on the carve-out statement of loss and comprehensive loss. The loan was bearing an annual interest rate of 1% and maturing in two years. The PPP Loan could be prepaid by the Company at any time prior to maturity with no prepayment penalties. Under the terms of the PPP Loan, certain amounts of the PPP Loan could be forgiven if the proceeds are used for qualifying expenses as described in the CARES Act. The following three criteria must be met during the loan coverage period in order to qualify for loan forgiveness:

- i) Number of employees and employee compensation levels are maintained;
- ii) The loan proceeds are spent on payroll costs and other eligible expenses; and
- iii) At least 60% of the proceeds are spent on payroll costs.

During the year ended December 31, 2020, the requirements to forgive the PPP Loan were met and the Company recorded government assistance income of $284,800 (unaudited) related to the principal balance forgiven, which is included in other expenses (income) on the carve-out statements of loss and comprehensive loss. On April 19, 2021, the Small Business Administration confirmed that all principal and interest under the PPP Loan were forgiven in full after a complete review of the Company's application.

(Expressed in United States dollars)

17. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties and related party transactions impacting the Statements not disclosed elsewhere in these Statements are summarized below. Transactions with related parties are incurred in the normal course of business and are initially recorded at fair value. 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 December 31, 2021 and 2020 are summarized as follows:

		2021		2020 (Unaudited)
Salaries and benefits	$	**441,000**	$	498,900
Director fees		**20,000**		20,000
Share-based compensation		**85,516**		58,781
Total	$	**546,516**	$	577,681

As at December 31, 2021 and December 31, 2020, the Company had loans of $nil and $39,051 (unaudited), respectively, payable to a director of the Company (Note 11(a)).

During the years ended December 31, 2021 and 2020, the Company repaid loans of $39,051 and $114,053 (unaudited), respectively, to a related party (Note 11(a)).

18. SHARE-BASED COMPENSATION

Under the stock option plan (the "Plan"), the Board of Directors may grant stock options to directors, officers, employees, and consultants of the Company up to an aggregate of 2,642,300 options.

Options granted under the Plan have terms at the discretion of the Board of Directors, however, no stock option can be exercisable for more than ten years after the date of stock grant. The vesting schedule of all granted options is determined at the discretion of the Board of Directors. The following table summarizes the Company's stock options transactions:

	Number of options		Weighted average exercise price
Outstanding, January 1, 2020 (Unaudited)	1,605,869	$	0.69
Granted	122,500		0.34
Cancelled and forfeited	(18,750)		(0.34)
Exercised	(22,500)		(0.69)
Outstanding, December 31, 2020 (Unaudited)	1,687,119	$	0.34*
Granted	669,338		0.34
Cancelled and forfeited	(403,875)		(0.34)
Outstanding, December 31, 2021	1,952,582	$	0.34

* On June 15, 2020, all the options granted in the prior years and outstanding as of the modification date were modified to an exercise price of $0.34. The incremental value of the share-based compensation is immaterial.

(Expressed in United States dollars)

18. SHARE-BASED COMPENSATION (continued)

As at December 31, 2021, the following options were outstanding:

Grant date	Options outstanding	Options exercisable	Exercise price	Expiry date	Remaining contractual life (years)
November 6, 2017	126,250	113,750	$0.34	November 5, 2027	5.85
January 24, 2018	46,500	43,833	$0.34	January 23, 2028	6.07
June 7, 2018	216,674	151,672	$0.34	June 6, 2028	6.44
February 15, 2019	24,667	24,667	$0.34	February 14, 2029	7.13
April 26, 2019	20,833	20,833	$0.34	April 25, 2029	7.32
October 15, 2019	866,695	592,242	$0.34	October 14, 2029	7.79
February 28, 2020	56,542	56,542	$0.34	February 27, 2030	8.16
April 27, 2021	219,455	73,152	$0.34	April 26, 2031	9.32
July 19, 2021	374,966	-	$0.34	July 18, 2031	9.55
	1,952,582	**1,076,690**	**$0.34**		**7.98**

As at December 31, 2020, the following options were outstanding:

Grant date	Options outstanding	Options exercisable	Exercise price	Expiry date	Remaining contractual life (years)
November 6, 2017	200,000	126,667	$0.34	November 5, 2027	6.85
January 24, 2018	82,500	57,333	$0.34	January 23, 2028	7.07
June 7, 2018	216,674	108,337	$0.34	June 6, 2028	7.44
February 15, 2019	148,750	92,500	$0.34	February 14, 2029	8.13
April 26, 2019	50,000	18,333	$0.34	April 25, 2029	8.32
October 15, 2019	866,695	418,903	$0.34	October 14, 2029	8.79
February 28, 2020	122,500	33,750	$0.34	February 27, 2030	9.16
	1,687,119	**855,823**	**$0.34**		**8.26**

Subsequent to the year-end, as a result of the Peaceful Foreclosure Agreement with WTI (Note 1), all options expired.

During the years ended December 31, 2021 and 2020, the Company recorded share-based compensation expense of $73,330 and $162,217(unaudited), respectively.

(Expressed in United States dollars)

18. SHARE-BASED COMPENSATION (continued)

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 weighted average grant date fair values during the years ended December 31, 2021 and 2020.

	2021	2020
Share price	$0.34	$0.34
Risk-free interest rate	1.05% – 1.37%	1.10%
Expected life (years)	7.5	7.5
Annualized volatility	171-186%	104%
Dividend yield	-%	-%
Forfeiture rate	-%	-%

19. WARRANTS

The following table summarizes the Company's warrants transactions:

	Number of warrants		Weighted average exercise price
Outstanding, January 1, 2020	236,318	$	1.11
Granted	62,190		1.11
Outstanding, December 31, 2020	298,508	$	1.11
Granted	451,182		0.40
Outstanding, December 31, 2021	749,690	$	0.68

As of December 31, 2021, the following warrants were outstanding:

Grant date	Warrants outstanding	Warrants exercisable	Exercise price	Expiry date	Remaining contractual life (years)
28-Jun-19	236,318	236,318	$1.11	31-Mar-35	13.25
31-Mar-20	62,190	62,190	$1.11	31-Mar-35	13.25
01-May-21	36,182	36,182	$1.11	31-Mar-35	13.25
31- Aug-21	415,000	415,000	$0.34	30- Aug-31	9.67
	749,690	**749,690**	**$0.68**		**11.27**

(Expressed in United States dollars)

19. WARRANTS (continued)

As of December 31, 2020, the following warrants were outstanding:

Grant date	Warrants outstanding	Warrants exercisable	Exercise price	Expiry date	Remaining contractual life (years)
28-Jun-19	236,318	236,318	$1.11	31-Mar-35	14.25
31-Mar-20	62,190	62,190	$1.11	31-Mar-35	14.25
	298,508	**298,508**	**$1.11**		**14.25**

During the year ended December 31, 2020, the Company issued 62,190 warrants in connection with the second draw of the WTI Credit Facility (Note 11(c)). During the year ended December 31, 2021, the Company issued 36,182 warrants in connection with the modification of the WTI Credit Facility (Note 11(c)).

On August 31, 2021, the Company issued 415,000 warrants to a customer for termination of the distribution agreement that was entered into between the Company and the customer. Each warrant permits the supplier to purchase one common share of the Company at $0.34 per share. The exercise period is the period commencing on the issuance date and ending at the first to occur of: (a) the initial public offering; (b) a merger or acquisition of the Company, other than any such merger or acquisition in which the equity holders of the Company immediately prior to such merger or acquisition continue to hold at least a majority of the voting power of the surviving entity (or, if the surviving entity is a wholly-owned subsidiary, its parent) immediately after such merger or acquisition, (c) the sale of all or substantially all of the Company's assets and (c) on the tenth anniversary of the Date of Issuance. On issuance, the fair value of the warrants was $175,230 using the OPM with the assumptions including: expected dividend rate – 0%, expected volatility – 97.6%, risk-free rate – 0.53% and expected remaining life of 3 years. The loss on termination of the distribution agreement of $175,230 was included in other expense (income) on the carve-out statement of loss and comprehensive loss for the year ended December 31, 2021.

Subsequent to the year-end, as a result of the Peaceful Foreclosure Agreement (Note 1), all warrants expired.

20. OTHER ITEMS

Business transaction costs

During the year ended December 31, 2021 and December 31, 2020, the Company incurred $128,954 and $8,225 (unaudited), respectively in unsuccessful equity financing activities, which was recorded as business transaction costs and expensed as incurred.

20. OTHER ITEMS (continued)

Legal settlements

On August 11, 2020, the Company received a sixty-day notice of intent to sue for violation of the Safe Drinking Water and Toxic Enforcement Act of 1986 ("Proposition 65") from the legal counsel representing an individual, by claiming that certain of the Company's products contained certain matter which was in violation of Proposition 65. On or about August 11, 2020, the Company entered into a tolling agreement with the individual, hoping to seek a resolution in good faith. Pursuant to the tolling agreement, the individual would not file formal litigation for 81 days from August 10, 2021, up to and including October 31, 2021. On October 29, 2021, a formal claim was filed by Superior Court of the State of California. As at December 31, 2021, the Company denied any wrongdoings and intended to vigorously defend against the claim. Such claim has not come to settlement. The Company accrued legal settlement expense of $135,000 for the year ended December 31, 2020. As at December 31, 2021 and 2020, the accrued expenses for this claim totalled $135,000 and $135,000, respectively.

On or about November 24, 2020, an individual filed a proposed class action lawsuit alleging the Company's products were deceptively marketed for certain features. During the year ended December 31, 2021, the Company entered into an agreement with the individual to settle the claim for a total of $150,000, which was paid in cash. However, the Company denied and continued to deny for any allegation of any complaints or wrongdoings. The Company accrued and recorded legal settlement expense of $150,000 for the year ended December 31, 2020.

In March 2021, an individual filed a class action lawsuit alleging that the Company's website failed to include certain designs enabling vision impaired individual to access the website. The Company settled the claim for a total payment of $7,500 in cash during the year ended December 31, 2021.

21. CAPITAL MANAGEMENT

Beanfields considers its capital to be the net investment. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern to support its business plan, as well as to ensure that the Company is able to meet its financial obligations as they become due.

The basis for the Company's capital structure is dependent on the Company's expected business growth and changes in business environment.

The Company is dependent upon its parent's financings to fund activities. In order to carry future projects and pay administrative costs, the Company will utilize its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements.

22. RISK MANAGEMENT AND LIQUIDITY

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

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

22. RISK MANAGEMENT AND LIQUIDITY (continued)

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 Statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, polices 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 US dollar and financing and major purchases are transacted in US 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 significant debt facilities, including convertible debt and promissory notes and loans payable. As the debt facilities are incurring a fixed rate of interest, 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 mitigates its credit risk on accounts receivable by actively managing and monitoring its accounts receivable. The Company mitigates credit risk by evaluating the creditworthiness of customers prior to conducting business with them and monitoring its exposure for credit losses with existing customers. At December 31, 2021, accounts receivable from two of our customers accounted for 42% and 28% respectively of the Company's accounts receivable balance for a total 70% in aggregate.

(Expressed in United States dollars)

22. RISK MANAGEMENT AND LIQUIDITY (continued)

b) Credit risk (continued)

At December 31, 2020, accounts receivable from three of our customers accounted for 37, 18% and 10% respectively of the Company's accounts receivable balance for a total 65% in aggregate.

During the year ended December 31, 2021 and December 31, 2020, the Company recognized impairment loss on accounts receivable of $26,970 and $30,896 (unaudited), respectively (Note 5).

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 matches the maturity profile of financial assets and liabilities, when feasible.

The table below summarizes the maturity profile of the Company's contractual cash flows:

As at December 31, 2021	Less than 1 year	1 - 2 years	Later than 2 years	Total
Accounts payable	$ 1,525,835	$ -	$ -	$ 1,525,835
Loans and notes payable	2,238,589	562,342	-	2,800,931
Convertible notes payable	2,594,200	-	-	2,594,200
Total liabilities	$ 6,358,624	$ 562,342	$ -	$ 6,920,966

As at December 31, 2020 (Unaudited)	Less than 1 year	1 - 2 years	Later than 2 years	Total
Accounts payable	$ 1,343,912	$ -	$ -	$ 1,343,912
Lease liability	86,205	96,670	24,345	207,220
Loans and notes payable	1,447,724	1,627,467	346,786	3,421,977
Convertible notes payable	-	1,860,112	-	1,860,112
Total liabilities	$ 2,877,841	$ 3,584,249	$ 371,131	$ 6,833,221