VEGANO FOODS INC.

Financial Statements

For the Year ended December 31, 2021 and the Period

from Incorporation on March 19, 2020 to December 31, 2020

(Stated in Canadian dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Vegano Foods Inc.

Opinion

We have audited the financial statements of Vegano Foods Inc. (the “Company”), which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of loss and comprehensive loss, changes in shareholders’ equity and cash flows for the year ended December 31, 2021 and the period from incorporation on March 19, 2020 to December 31, 2020, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial positions of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the year ended December 31, 2021 and the period from incorporation on March 19, 2020 to December 31, 2020 in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

Without qualifying our opinion, we draw attention to Note 1 in the financial statements, which describes events and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Our opinion is not modified in regard of this matter.

Other Information

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

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

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

We obtained Management’s Discussion and Analysis prior to the date of this auditor’s report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

DMCL

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

June 15, 2022

MOORE

An independent firm
associated with Moore
Global Network Limited

VEGANO FOODS INC.
STATEMENTS OF FINANCIAL POSITION
(Stated in Canadian dollars)

As at	Notes		December 31, 2021		December 31, 2020
ASSETS					
Current assets					
Cash and cash equivalents	4	$	1,439,582	$	2,275,929
Other receivables	5, 21		84,650		55,650
Prepaid expenses	6		20,229		18,866
Inventory	7		73,604		1,998
			1,618,065		2,352,443
Investment	8		1		-
Equipment	9		58,233		51,552
Intangible asset	10		-		148,472
Total assets		$	1,676,299	$	2,552,467
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and accrued liabilities	11,13,18	$	311,567	$	204,932
Gift card liability	12		33,687		59,930
Deferred revenue	12		19,606		-
Convertible note	13		-		491,419
Loans payable	14		31,171		51,528
Total liabilities			396,031		807,809
Shareholders' equity					
Share capital	15		5,957,617		1,232,110
Obligation to issue shares	15		-		1,644,810
Reserves	15,16,17		442,703		19,919
Deficit			(5,120,052)		(1,152,181)
Total shareholders' equity			1,280,268		1,744,658
Total liabilities and shareholders' equity		$	1,676,299	$	2,552,467

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Approved and authorized by the Board of Directors on June 15, 2022:

Conor Power
Director

Julie Daley
Director

VEGANO FOODS INC.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Stated in Canadian dollars)

	Notes		Year ended December 31, 2021		Period from incorporation on March 19, 2020 to December 31, 2020
Revenue	12	$	407,694	$	23,178
Cost of goods sold	7,19		599,562		69,450
Gross margin			(191,868)		(46,272)
Operating expenses					
Advertising and promotion			308,011		186,904
Amortization of intangible assets	10		77,464		6,455
Consulting fees	18		419,391		382,222
Depreciation of equipment	9		16,063		4,309
General and administrative	20		531,015		137,839
Professional fees	18		498,054		12,344
Salaries and benefits	18		897,385		302,115
Share-based compensation	16,18		397,539		-
Travel expenses			164,500		36,145
			3,309,422		1,068,333
Other expenses (income)					
Accretion expense	13		8,581		11,338
Foreign exchange loss			1,463		2,402
Finance costs	13		17,123		23,836
Government assistance	21		(16,973)		-
Impairment of equipment	9		35,380		-
Impairment of intangible asset	10		71,008		-
Loss on investment	8		349,999		-
Net loss and comprehensive loss		$	(3,967,871)	$	(1,152,181)
Loss per share - basic and diluted		$	(0.07)	$	(0.06)
Weighted average number of common shares outstanding			52,968,310		20,055,037

The accompanying notes are an integral part of these financial statements.

VEGANO FOODS INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Stated in Canadian dollars, unless otherwise stated)

	Number of shares		Share capital		Obligation to issue shares		Reserves		Deficit		Total shareholders' equity
Balance, March 19, 2020	**-**	**$**	**-**	**$**	**-**	**$**	**-**	**$**	**-**	**$**	**-**
Issuance of incorporation shares	20,000,000		2,000		-		-		-		2,000
Allocation of additional capital contribution	-		138,000		-		-		-		138,000
Shares issued for cash, net of issuance costs	15,795,711		1,092,110		-		-		-		1,092,110
Subscription proceeds received for shares to be issued	-		-		1,644,810		-		-		1,644,810
Equity component of convertible note issued	-		-		-		19,919		-		19,919
Net loss	-		-		-		-		(1,152,181)		(1,152,181)
Balance, December 31, 2020	**35,795,711**	**$**	**1,232,110**	**$**	**1,644,810**	**$**	**19,919**	**$**	**(1,152,181)**	**$**	**1,744,658**
Share issued in private placement, net of issuance costs	20,363,215		4,725,507		(2,319,097)		-		-		2,406,410
Subscription proceeds received for shares to be issued	-		-		674,287		-		-		674,287
Share-based compensation	-		-		-		397,539		-		397,539
Warrants issued to agents	-		-		-		25,245		-		25,245
Net loss	-		-		-		-		(3,967,871)		(3,967,871)
Balance, December 31, 2021	**56,158,926**	**$**	**5,957,617**	**$**	**-**	**$**	**442,703**	**$**	**(5,120,052)**	**$**	**1,280,268**

The accompanying notes are an integral part of these financial statements.

VEGANO FOODS INC.
STATEMENTS OF CASH FLOWS
(Stated in Canadian dollars)

	Year ended December 31, 2021	Period from incorporation on March 19, 2020 to December 31, 2020
Operating activities		
Net loss	$ (3,967,871)	$ (1,152,181)
Items not affecting cash:		
Accretion expense on convertible note	8,581	11,338
Amortization of intangible asset	77,464	6,455
Depreciation of equipment	16,063	4,309
Finance costs	17,123	23,836
Impairment of equipment	35,380	-
Impairment of intangible asset	71,008	-
Impairment of inventory	6,730	-
Loss on investment	349,999	-
Share-based compensation	397,539	-
Non-cash working capital items:		
Other receivables	(13,639)	(55,650)
Prepaid expenses	(1,363)	(18,866)
Inventory	(78,336)	(1,998)
Accounts payable and other liabilities	130,471	181,096
Gift card liability	(26,243)	59,930
Deferred revenue	19,606	-
Net cash used in operating activities	(2,957,488)	(941,731)
Investing activities		
Purchase of equipment	(58,124)	(55,861)
Acquisition of investment	(350,000)	-
Acquisition of intangible asset	-	(154,927)
Net cash used in investing activities	(408,124)	(210,788)
Financing activities		
Proceeds from issuance of shares	3,239,894	1,232,110
Share issuance costs	(133,952)	-
Subscription proceeds received for shares to be issued	-	1,644,810
Proceeds from issuance of convertible note	-	500,000
Repayment of convertible note	(540,959)	-
Proceeds from (repayment of) loans payable, net	(35,718)	51,528
Net cash provided by financing activities	2,529,265	3,428,448
Change in cash and cash equivalents	(836,347)	2,275,929
Cash and cash equivalents, beginning	2,275,929	-
Cash and cash equivalents, ending	**$ 1,439,582**	**$ 2,275,929**
Supplementary cash flow information		
Interest paid	$ 40,959	$ -

The accompanying notes are an integral part of these financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Vegano Foods Inc. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) (“BCBCA”) on March 19, 2020. The Company’s principal activities relate to the sales and delivery of vegan meal kits and grocery staples to end customers. The Company’s common shares began trading on the Canadian Securities Exchange under the trading symbol “VAGN” on February 15, 2022 (Note 26). The registered office of the Company is 1055 West Georgia Street, Suite 1500, Vancouver BC V6E 4N7, Canada.

These financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and settle its obligations in the normal course of business. The Company has not generated profits or positive cash flows from operations during the year ended December 31, 2021 and has a deficit as of December 31, 2021 of $5,120,052. These conditions indicate material uncertainties which cast significant doubt about the Company’s ability to continue as a going concern. The Company is dependent on its ability to develop profitable operations and to continue to raise adequate financing from external sources to carry out its business objectives. These financial statements do not give effect to the adjustments in the carrying value of assets and liabilities, and in the classifications used in the statements of financial position that would be necessary if the going concern assumption was not appropriate. Such adjustments could be material.

2. BASIS OF PREPARATION

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

The financial statements were approved and authorized for issuance on June 15, 2022, by the Board of Directors.

Basis of measurement

These financial statements have been prepared on an accrual basis except for cash flow information and are based on historical costs except for certain financial instruments which are measured at fair value.

Functional and presentation currency

These financial statements are expressed in Canadian dollars, which is the Company’s functional currency.

Use of accounting estimates

The preparation of the financial 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 financial statements and the reported amounts of 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. Key estimates made by management with respect to the areas noted have been disclosed in the notes to these financial statements as appropriate.

2. BASIS OF PREPARATION (CONTINUED)

Use of accounting estimates (continued)

Economic recoverability of intangible assets

The Company has determined that intangible asset costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including anticipated cash flows and estimated economic life. The amortization expense related to intangible assets is determined using estimates relating to the useful life of the intangible asset.

Useful lives of equipment and intangible assets

Judgement is necessary in determining the date at which equipment and intangible assets are available for their intended use. Also, at each reporting date, management determines whether equipment and intangible assets present indicators of impairment. For the purposes of its analysis, management uses its judgement considering factors such as the economic environment and the market in which the Company operates, budget forecasts and physical obsolescence.

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement. Any changes to the timing of the realization or settlement of these items could impact their value.

Share-based payments

Estimating fair value for share-based payment transactions, including stock options and compensatory warrants, requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility, risk-free interest rate, expected forfeiture rate and dividend yield of the equity instruments.

Fair value of investment

The Company holds shares of a privately held company for which a quoted market price in an active market is not available (Note 8). The Company estimates the fair value of this investment based on information available to management at each reporting date, including but not limited to recent financings completed and announcements with respect to corporate transactions.

Use of judgements

Judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the 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.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash is comprised of cash at bank, funds held in trust accounts and funds held with online payment service providers. Cash equivalents are short-term, highly liquid investments with maturities of 90 days when acquired. Included in the Company's cash equivalents is a one year cashable Guaranteed Investment Certificate ("GIC"), as disclosed in Note 4.

Inventory

Inventory is comprised of merchandise, prepared meals, raw materials, and packaging and are measured at the lower of cost and net realizable value. The cost of inventories is determined using the average cost method. Cost includes acquisition costs net of discounts, and other costs incurred to bring inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

Equipment

Equipment is recorded at cost and carried net of accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, and any costs directly attributable to bringing the asset to the location and condition necessary for operation. The depreciation expense is calculated using the straight-line method over five years, which is the estimated useful life of the assets.

Repairs and maintenance costs are expensed as incurred. However, expenditures on major maintenance rebuilds or overhauls are capitalized when it is probable that the expenditures will extend the productive capacity or useful life of an asset. Depreciation methods, useful lives and residual values are reviewed at each financial period end and adjusted if appropriate.

Financial instruments

Recognition, classification and measurement

A financial asset is recognized in the statements of financial position when the Company has a contractual right to receive cash or other financial assets from another entity. At initial recognition, all 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"). As at December 31, 2021, the Company had one financial asset measured at FVTPL(Note 8).

Financial assets measured at amortized cost are initially recognized at fair value plus transaction costs directly attributable to these assets. Subsequently, the carrying amount of such assets are measured using the effective interest method, net of impairment loss. The Company has classified its cash and cash equivalents and other receivables as financial assets measured at amortized cost.

All financial liabilities are recognized initially on the date at which the Company becomes a party to the contractual provisions of the instruments. At initial recognition, the Company classifies its financial liabilities into one of the following categories: measured at amortized cost or measured at FVTPL. As at December 31, 2021 the Company had no financial liabilities measured at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Recognition, classification and measurement (continued)

Financial liabilities measured at amortized cost are initially recognized at fair value net of transaction costs associated to the issuance of such instruments. Subsequently, the financial liabilities are measured at amortized cost based on the effective interest rate method. The Company has classified its accounts payable and other liabilities, convertible note and loans payable as financial liabilities measured at amortized cost.

Derecognition

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.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Offsetting

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

Impairment of financial assets

At each reporting date, the Company assesses whether a financial asset or a group of financial assets are impaired. A financial asset or group of financial assets is deemed to be impaired if there is objective evidence that one or more events that has occurred after the initial recognition of the asset has a negative impact on the estimated future cash flows of the financial asset or group of financial assets.

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost. Loss allowances for accounts receivables are measured at an amount equal to lifetime expected credit losses if the amount is not considered fully recoverable. 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 estimates the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment of the impacts of the current economic and credit conditions on the losses.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets

Intangible assets are recognized when it is probable that the use of the asset will generate future economic benefits and the costs of the asset can be determined reliably. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in net loss as incurred.

Intangible assets that have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets include costs directly attributable to the development of the Company's website as well as recipes purchased from third party vendors.

Amortization is recognized in profit and loss on a straight-line basis over the estimated useful lives of the finite life intangible assets. Intangible assets in development are not amortized and reflect the cost of developing the intangible asset, which are not yet available for their intended use. Intangible assets in development will start to be depreciated when they are available for their intended use. The estimated useful life of intangible asset for the current year is as follows:

Intangible Asset	**Period**
Website	2 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if appropriate.

Revenue recognition

Revenue is recognized using a five-step recognition and measurement model.

Meal kits

Revenue is recognized after the meal kits are delivered to the customers. Payments are collected from the customers via online payment processing platforms at the time of sales. The amount of revenue recognized is measured based on the prices stated on the customer orders, net of discounts. Advance payments received for undelivered meal kits are deferred.

Grocery staples

Revenue is recognized after the grocery staples are delivered to the customers. Payments are collected from the customers via online payment processing platforms at the time of sales. The amount of revenue recognized is measured based on the prices stated on the customer orders, net of discounts. Advance payments received for undelivered grocery staples are deferred.

Gift cards

The Company offers the option to purchase gift cards to its customers. The gift cards do not have expiration dates. Gift card balances are initially recorded in gift card liability when payments are collected from the customer at the time of the sale of the gift cards. Revenue from gift cards is recognized when the gift card is redeemed, and the associated services or products are rendered or delivered.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cost of goods sold

Cost of goods sold includes the expenses incurred to prepare and deliver the meal kits and fulfill and deliver grocery staples, including ingredient costs, merchandise costs, direct labour costs, packing and delivery costs, and other direct and indirect costs.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset or cash generating unit (“CGU”) may be impaired. If any indication of impairment exists, or when annual impairment testing for an asset is required, the Company estimates the asset’s recoverable amount. An asset or CGU’s recoverable amount is the higher of its fair value less costs of disposal and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining fair value less costs of disposal, an appropriate valuation model is used.

Impairment losses in respect of continuing operations are recognized in the statement of loss and comprehensive loss in those expense categories consistent with the function and nature of the impaired asset.

For non-financial assets, an assessment is made at each reporting date as to whether there is any indication that previously-recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the non-financial asset’s or CGU’s recoverable amount. A previously-recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the non-financial asset’s recoverable amount since the last impairment loss was recognized. Any such reversal is limited so that the carrying amount of the non-financial asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the non-financial asset in prior periods. Such reversal is recognized in the statement of loss and comprehensive loss.

Share capital

The Company engages in equity financing transactions to obtain the necessary funds to continue its operations. These equity financing transactions may involve issuance of common shares. Common shares are classified as equity and the proceeds received in connection with the share subscription agreement are recognized as an increase in equity. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from shareholders' equity, net of tax.

Loss per share

Basic loss per share is calculated by dividing the net income or loss attributable to the common shareholders of the Company by the weighted average number of common shares outstanding and reduced by any shares held in escrow during the reporting period. Diluted loss per share is calculated by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding, all additional common shares that would have been outstanding if potentially dilutive instruments were converted and reduced by any shares held in escrow. As at December 31, 2021, there are no dilutive instruments outstanding.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes

Income tax is recognized in profit or loss to the extent that it relates to items recognized in other comprehensive income, or directly in equity, in which case the related tax is recognized in other comprehensive income, or directly in equity, as appropriate.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position asset and liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis. The amount of deferred tax asset or liability is determined using enacted or substantively enacted tax rates at the date of the statement of financial position.

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 amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the 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.

Leases

When the Company enters into an agreement that meets the definition of a lease, it recognizes a right-of-use asset and a lease liability at the lease commencement date.

The lease liability is initially measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease, or the Company's incremental borrowing rate, if the implicit interest rate cannot be readily determined. Lease liabilities are subsequently reduced by the lease payments, net of interest calculated using the effective interest method.

The right of use of asset is initially recognized and measured at the initial amount of lease liability, adjusted for lease payments made prior to commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle the underlying asset or to restore the underlying asset or the site on which it is located. Right of use assets are subsequently depreciated over the remaining term of the lease and are measured at cost less accumulated depreciation and impairment.

The Company has determined that its lease meets the criteria of a short-term lease, defined as a lease that has lease term of 12 months or less without any purchase options. The Company has elected to apply the exemption for all short-term leases, whereby the lease payments associated with the short-term leases are expensed in the statement of loss and comprehensive loss on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation

Foreign currency transactions are translated into Canadian dollars as follows:

(i) Monetary assets and liabilities - at the effective exchange rate at the date of the statement of financial position;
(ii) Non-monetary assets and liabilities – at the prevailing exchange rate at the time of the acquisition of assets or assumption of liabilities for items measured at cost, or revalued at the effective exchange rate at the date of the statement of financial position for items measured at fair value; and
(iii) Revenue and expense items - at the prevailing exchange rate at the transaction date.

Government assistance

Government assistance is recognized in the statement of loss and comprehensive loss over the periods in which the Company recognizes as expenses the related costs for which the assistance is intended to reimburse.

Share-based payments

The Company operates a stock option plan to provide incentives to employees. Share-based payments to employees are measured at the fair value of the instruments granted and the related expenses are amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to equity reserves. The fair value of equity instruments granted is determined using the Black–Scholes Option Pricing Model. The number of equity instruments expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Future changes in accounting policies

The following new amendment to standards and interpretations under IFRS are not yet effective for the year ended 2021, and have not been applied in preparing these consolidated statements:

IAS 1 – Presentation of Financial Statements

On January 23, 2020, the IASB issued an amendment to IAS 1 Presentation of Financial Statements providing a more general approach to the classification of liabilities. The amendment clarifies that the classification of liabilities as current or non-current depends on the rights existing at the end of the reporting period as opposed to the expectations of exercising the right for settlement of the liability. The amendments further clarify that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty. The amendments are effective for annual periods beginning on or after January 1, 2022 and are to be applied retrospectively, with early adoption permitted. The Company will assess the financial impact of the amendments and expects to apply the amendments at the effective date.

(Stated in Canadian dollars)

4. CASH AND CASH EQUIVALENTS

		December 31, 2021		December 31, 2020
Deposit at bank	$	1,419,582	$	2,275,929
Cashable Guaranteed Investment Certificate ("GIC")		20,000		-
Total cash and cash equivalents	**$**	**1,439,582**	**$**	**2,275,929**

On March 8, 2021, the Company invested $20,000 in a one-year cashable GIC. The GIC has a maturity date of March 8, 2022 and earns interest at a rate of 0.25% per annum. Subsequent to December 31, 2021, the GIC matured and was re-invested into a one-year cashable GIC which earns interest at a rate of 0.50% per annum and matures on March 8, 2023.

5. OTHER RECEIVABLES

		December 31, 2021		December 31, 2020
Subscription proceeds receivable (Note 15)	$	650	$	55,650
Sales tax receivable		67,027		-
Government assistance receivable (Note 21)		16,973		-
Total other receivables	**$**	**84,650**	**$**	**55,650**

6. PREPAID EXPENSES

		December 31, 2021		December 31, 2020
Prepaid insurance	$	2,795	$	-
Retainers and prepayments for services		6,299		11,474
Security deposits		8,196		7,392
Prepaid membership		2,939		-
Total prepaid expenses	**$**	**20,229**	**$**	**18,866**

7. INVENTORY

		December 31, 2021		December 31, 2020
Packaging materials	$	15,504	$	-
Grocery staples		51,051		-
Meal kits		7,049		-
Raw materials		-		1,998
Total Inventory	**$**	**73,604**	**$**	**1,998**

During the year ended December 31, 2021, the Company sold inventory with a value of $500,484 (Period from incorporation on March 19, 2020 to December 31, 2020 - $63,176) which are included in cost of goods sold. During the year ended December 31, 2021, the Company impaired inventory with a value of $6,730.

8. INVESTMENT

During the year ended December 31, 2021, the Company entered into subscription agreements with Superbolt Tea Inc. ("Superbolt"), a privately-owned online tea retailer. The Company paid $350,000 in exchange for 2,500,000 Class A voting common shares and 500,000 Class B non-voting shares of Superbolt. Management has assessed that the Company has no control, nor significant influence over Superbolt as the Company holds approximately 11% of the voting rights and has no participation in Superbolt's policy-making processes. The Company accounts for its investment in Superbolt as a long-term investment measured at fair value through profit and loss.

(Stated in Canadian dollars)

8. INVESTMENT (CONTINUED)

On initial recognition, the fair value of the shares of Superbolt was determined to be equal to the transaction price for $350,000.

As at December 31, 2021, the fair value of the investment was determined to be $1. As a result, the Company recorded a loss of $349,999 on the investment for the year ended December 31, 2021.

9. EQUIPMENT

	Kitchen equipment	Computer equipment	Vehicle	Total
Cost				
Balance, March 19, 2020	$ -	$ -	$ -	$ -
Additions	55,861	-	-	55,861
Balance, December 31, 2020	**$ 55,861**	**$ -**	**$ -**	**$ 55,861**
Additions	**-**	33,254	24,870	58,124
Balance, December 31, 2021	**$ 55,861**	**$ 33,254**	**$ 24,870**	**$ 113,985**
Accumulated Depreciation and Impairment				
Balance, March 19, 2020	$ -	$ -	$ -	$ -
Depreciation	4,309	-	-	4,309
Balance, December 31, 2020	**$ 4,309**	**$ -**	**$ -**	**$ 4,309**
Depreciation	11,172	4,061	830	16,063
Impairment	35,380	-	-	35,380
Balance, December 31, 2021	**$ 50,861**	**$ 4,061**	**$ 830**	**$ 55,752**
Net book value				
At December 31, 2020	**$ 51,552**	**$ -**	**$ -**	**$ 51,552**
At December 31, 2021	**$ 5,000**	**$ 29,193**	**$ 24,040**	**$ 58,233**

Subsequent to the year ended December 31, 2021, the Company closed its kitchen facilities (Note 26). As a result, the Company impaired its kitchen equipment to its net realizable value of $5,000.

10. INTANGIBLE ASSET

	Website
Cost	
Balance, March 19, 2020	$ -
Additions	154,927
Balance at December 31, 2020 and December 31, 2021	**$ 154,927**
Accumulated Depreciation and Impairment	
Balance, March 19, 2020	$ -
Amortization	6,455
Balance at December 31, 2020	**6,455**
Amortization	77,464
Impairment	71,008
Balance at December 31, 2021	**$ 154,927**
Net book value	
Balance at December 31, 2020	**$ 148,472**
Balance at December 31, 2021	**$ -**

(Stated in Canadian dollars)

10. INTANGIBLE ASSET (CONTINUED)

All of the costs incurred for the website were considered to be internally generated intangible assets and were capitalized. During the year ended December 31, 2021, the Company assessed that the intangible asset was impaired and wrote off the remaining carrying value of $71,008.

11. ACCOUNTS PAYABLE AND OTHER LIABILITIES

		December 31, 2021		December 31, 2020
Accounts payable	$	106,646	$	26,509
Accrued liabilities		115,260		149,087
Payroll liabilities		89,480		-
Sales tax payable		181		5,500
Accrued interest on convertible note (Note 13)		-		23,836
	$	**311,567**	**$**	**204,932**

12. REVENUE

The Company generates revenue from the sale and delivery of vegan meal kits and grocery staples to its customers. Revenue is generated in one primary geographical market, being Canada, and is recognized upon delivery of purchase orders to customers.

Revenue recognized by the Company is summarized in the table below.

		Year ended December 31, 2021		Period from incorporation on March 19, 2020 to December 31, 2020
Meal kits	$	329,845	$	23,178
Grocery staples via Marketplace		77,849		-
	$	**407,694**	**$**	**23,178**

The balance of deferred revenue is summarized in the table below:

		Meal kits		Grocery staples via Marketplace		Total
Balance, March 19, 2020 and December 31, 2020	**$**	**-**	**$**	**-**	**$**	**-**
Additions to deferred revenue		39,913		18,045		57,958
Revenue earned during the year		(29,629)		(8,723)		(38,352)
Balance, December 31, 2021	**$**	**10,284**	**$**	**9,322**	**$**	**19,606**

(Stated in Canadian dollars)

12. REVENUE (CONTINUED)

The balance of gift card liability is comprised of the contractual liability associated with the unredeemed gift cards and coupons. The continuity of the gift card liability is summarized in the table below:

		Amount
Balance, March 19, 2020	$	-
Additions to gift card liability		84,157
Redeemed during the year		(24,227)
Balance, December 31, 2020		**59,930**
Additions to gift card liability		31,363
Redeemed during the year		(57,606)
Balance, December 31, 2021	**$**	**33,687**

13. CONVERTIBLE NOTE

		December 31, 2021		December 31, 2020
Balance, beginning	$	491,419	$	-
Issuance of convertible note		-		500,000
Equity component classified to reserves		-		(19,919)
Accretion expense		8,581		11,338
Repayment of convertible note		(500,000)		-
	$	**-**	**$**	**491,419**

On July 10, 2020, the Company issued an unsecured convertible note to an officer of the Company. The convertible note bore interest at 10% per annum and had a face value of $500,000 and a maturity date of May 5, 2021. The note was convertible into common shares of the Company at $0.25 per share at the option of the holder at any time prior to the maturity date. The interest accrued is payable to the lender on the maturity date and is not convertible.

The Company determined the fair value of the debt component of the convertible note to be $480,081 on the date of issuance, using a market interest rate of 15%. The residual value of $19,919 was allocated to the equity component of the note.

The convertible note matured on May 5, 2021, at which time the Company repaid the principal amount of $500,000 and the accrued interest of $40,959, for a total cash payment of $540,959 to the officer of the Company. As at December 31, 2021, the carrying value of the convertible note was $nil (December 31, 2020 - $491,419) and $nil accrued interest on the convertible note (December 31, 2020 - $23,836) included in accounts payable and other liabilities.

During the year ended December 31, 2021, the Company recognized accretion expense on the debt component of the convertible note in amount of $8,581 (December 31, 2020 - $11,338) and recorded finance costs of $17,123 (December 31, 2020 - $23,836) for the accrued interest.

14. LOANS PAYABLE

As at December 31, 2021, the Company had loans payable to arm's length parties in the gross amount of $31,171 (December 31, 2020 - $nil). The loans are non-interest bearing, unsecured and payable on demand.

14. LOANS PAYABLE (CONTINUED)

As at December 31, 2021, there is $nil (December 31, 2020 - $51,528) due to an officer of the Company (Note 18). During the year ended December 31, 2021, the Company repaid $35,718 of the amount due and applied the balance to advances previously extended to the officer of the Company.

15. SHARE CAPITAL

a) Authorized

An unlimited number of common shares without par value.

b) Shares Issued

As at December 31, 2021, the Company had 56,158,926 common shares issued and outstanding.

During the year ended December 31, 2021, the Company issued common shares as follows:

- On January 13, 2021, the Company issued 1,145,000 common shares at $0.07 per share for gross proceeds of $80,150 in connection with a non-brokered private placement.

- On January 29, 2021, the Company issued 10,005,708 common shares at $0.25 per share for gross proceeds of $2,501,427 in connection with a non-brokered private placement. The Company incurred $21,600 finders' fees paid in cash and issued 86,400 warrants to an agent for services rendered in conjunction with the private placement. Each warrant is exercisable to purchase one common share of the Company for a period of two years from closing of the private placement, at an exercise price of $0.25 per share. The fair value of warrants issued to agents was determined to be $11,257.

- On February 26, 2021, the Company issued 5,031,000 common shares at $0.25 per share for gross proceeds of $1,257,750 in connection with a non-brokered private placement. The Company paid $26,800 finders' fees in cash and issued 107,200 warrants to an agent for services rendered in conjunction with the private placement. Each warrant is exercisable to purchase one common share of the Company for a period of two years from closing of the private placement, at an exercise price of $0.25 per share. The fair value of warrants issued to agents was determined to be $13,988.

- On May 7, 2021, the Company issued 2,709,507 common shares at $0.25 per share for gross proceeds of $677,377 in connection with a non-brokered private placement.

- On June 9, 2021, the Company issued 1,472,000 common shares at a price of $0.25 per share for gross proceeds of $368,000 in connection with a non-brokered private placement.

In addition to the payments and securities issued to agents, the Company incurred $85,552 of legal fees in connection with the various private placement tranches.

During the period from incorporation on March 19, 2020 to December 31, 2020, the Company issued common shares as follows:

- On March 19, 2020, the Company issued 20,000,000 common shares at $0.0001 per share for proceeds of $2,000.

- As at December 31, 2020, the founders of the Company made total capital contributions of $138,000 to the Company, which were subsequently allocated to 6,900,000 of the Company's outstanding shares on December 31, 2020.

15. SHARE CAPITAL (CONTINUED)

b) Obligation to issue shares

As at December 31, 2020, the Company received cash proceeds of 1,644,810, for which it was obligated to issue 6,579,240 common shares. The common shares were issued during the year ended December 31, 2021, resulting in a balance of $nil in obligations to issue shares as at December 31, 2021.

c) Subscription proceeds receivable

As at December 31, 2021, the Company has a subscription proceeds receivable of $650 (December 31, 2020 - $55,650) for 9,285 (December 31, 2020 – 795,000) common shares issued under private placements. The amount is included in other receivables (Note 5).

d) Escrow shares

As at December 31, 2021, 7,142,857 shares were subject to escrow conditions and will be released from escrow over time.

16. STOCK OPTIONS

On August 12, 2021, the Company adopted the Stock Option Plan (the "Plan") with the purpose of providing incentives to directors, officers, employees and consultants. The Plan allows the Company to issue up to 10% of its outstanding common shares as stock options.

Stock option activity during the year ended December 31, 2021 is summarized below:

- On January 1, 2021, the Company granted 3,600,000 stock options with an exercise price of $0.10 and an expiry date of January 1, 2023. 25% of these stock options vest every three months over a period of one year.

- On February 16, 2021, the Company granted 200,000 stock options with an exercise price of $0.10 and an expiry date of February 16, 2024. 25% of these stock options vested immediately upon grant, and the remaining stock options vest 25% each year over a period of 36 months.

- On August 10, 2021, the Company cancelled 3,800,000 stock options representing all outstanding stock options.

- On August 10, 2021, the Company granted 4,900,000 stock options with an exercise price of $0.25 and expiry date of January 1, 2023. The stock options immediately vested upon grant. The stock option grant was accounted for as replacement and modification of stock options previously granted on January 1, 2021.

- On August 10, 2021, the Company granted 400,000 stock options with an exercise price of $0.25 and expiry date of August 10, 2023. The stock options immediately vested upon grant. 200,000 stock options included in the stock option grant were accounted for as replacement and modification of stock options previously granted on February 16, 2021.

- On August 10, 2021, the Company granted 300,000 stock options with an exercise price of $0.25 and expiry date of August 10, 2024. 10% of these stock options vested immediately upon grant, and 22.5% of the stock options vest every six months over a period of 24 months.

(Stated in Canadian dollars)

16. STOCK OPTIONS (CONTINUED)

Stock option activity for the year ended December 31, 2021 is summarized in the table below.

	Number of Options		Weighted Average Exercise Price
Outstanding at March 19, 2020 and December 31, 2020	-	$	-
Granted	9,400,000		0.19
Cancelled	(3,800,000)		0.10
Outstanding at December 31, 2021	5,600,000	$	0.25

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

Outstanding	Exercisable	Exercise Price	Remaining Life (Years)	Expiry Date
4,900,000	4,900,000	$0.25	1.00	January 1, 2023
400,000	400,000	$0.25	1.61	August 10, 2023
300,000	30,000	$0.25	2.61	August 10, 2024
5,600,000	5,330,000			

During the year ended December 31, 2021, the Company recorded share-based compensation of $397,539 (December 31, 2020 - $nil) related to the fair value of stock options vested in the period. The following weighted average assumptions were applied using the Black-Scholes Option Pricing model to estimate the weighted average fair value of stock options granted during the year ended December 31, 2021:

	Year ended December 31, 2021
Risk-free interest rate	0.30%
Expected life (years)	1.90
Annualized volatility	100%
Dividend yield	0%

The Company has used the annualized volatility with reference to the historical record of comparable public companies.

17. WARRANTS

During the year ended December 31, 2021, the Company granted warrants as finders' fees to agents in connection with completing the private placement financings (Note 15).

	Number of Warrants		Weighted Average Exercise Price
Outstanding at March 19, 2020 and December 31, 2020	-	$	-
Issued	193,600		0.25
Outstanding at December 31, 2021	193,600	$	0.25

(Stated in Canadian dollars)

17. WARRANTS (CONTINUED)

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

Outstanding	Exercise Price	Remaining Life (Years)	Expiry Date
86,400	$0.25	1.08	January 29, 2023
107,200	$0.25	1.16	February 26, 2023
193,600			

The following weighted average assumptions were used to estimate the fair value of warrants issued during the year ended December 31, 2021:

	Year ended December 31, 2021
Risk-free interest rate	0.23%
Expected life (years)	2.0
Annualized volatility	100%
Dividend yield	0%

The Company has used the annualized volatility with reference to the historical record of comparable public companies.

18. RELATED PARTY TRANSACTIONS AND BALANCES

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. The Company has determined that key management personnel consist of members of the Company’s Board of Directors and corporate officers.

Remuneration attributed to key management personnel is summarized in the table below.

	Year ended December 31, 2021	Period from incorporation on March 19, 2020 to December 31, 2020
Salaries and benefits		
Chief Executive Officer (“CEO”)	$ 306,742	$ 211,785
Chief Operating Officer (“COO”)	111,071	18,834
Vice President of Sales	40,212	70,496
Directors	-	1,000
Consulting		
Company controlled by the CEO	151,134	-
Fiancée of the CEO	71,878	-
Share-based compensation (Note 16)		
CEO	60,952	-
Chief Financial Officer (“CFO”)	22,857	-
COO	226,970	-
Directors	21,940	-
	$ 1,013,756	**$ 302,115**

(Stated in Canadian dollars)

18. RELATED PARTY TRANSACTIONS AND BALANCES （CONTINUED）

Related party transactions and balances

During the year ended December 31, 2021, the Company incurred professional fees of $173,089 to a company controlled by the CFO (December 31, 2020 - $nil).

As at December 31, 2021, amounts due to related parties included in accounts payable and other liabilities consisted of $60,811 (December 31, 2020 - $13,243) in consulting fees, professional fees and expense reimbursements owed to related parties. These amounts are non-interest bearing, unsecured and due on demand.

As at December 31, 2021, included in loans payable is $nil (December 31, 2020 - $51,528) due to an officer of the Company (Note 14). The amount was non-interest bearing, unsecured and payable on demand. During the year ended December 31, 2021, the Company repaid $35,718 of the amount due and applied the balance to advances previously extended to the officer of the Company.

On July 10, 2020, the Company issued an unsecured convertible note bearing interest at 10% with a principal of $500,000 and a maturity date of May 5, 2021 to an officer of the Company (Note 13). On May 5, 2021, the Company repaid a total cash payment of $540,959 for the principal amount of $500,000 and the accrued interest of $40,959.

19. COST OF GOODS SOLD

		Year ended December 31, 2021		Period from incorporation on March 19, 2020 to December 31, 2020
Ingredients	$	194,059	$	27,388
Direct labour		170,478		15,721
Delivery and packaging		152,495		22,711
Merchandise		56,495		-
Other direct costs		19,255		3,630
	$	**592,832**	**$**	**69,450**

20. GENERAL AND ADMINISTRATIVE EXPENSES

		Year ended December 31, 2021		Period from incorporation on March 19, 2020 to December 31, 2020
Filing fees	$	14,504	$	-
Insurance		3,376		1,629
Interest and bank charges		5,853		700
Kitchen expenses and product development		48,674		22,220
Meals and entertainment		90,299		18,179
Office expenses		55,037		31,414
Rent		158,869		20,748
Repairs and maintenance		10,664		23,855
Shipping and delivery		6,324		3,003
Subscriptions		46,701		84
Utilities		27,009		8,181
Website expenses		63,705		7,826
	$	**531,015**	**$**	**137,839**

(Stated in Canadian dollars)

21. GOVERNMENT ASSISTANCE

During the year ended December 31, 2021, the Company recorded government assistance income of $16,973 (2020 - $nil) with respect to wage subsidies from WorkBC and Technation Canada (Note 5).

22. INCOME TAXES

A reconciliation of income taxes at the 27% statutory rate with the reported taxes is as follows:

		Year ended December 31, 2021		Period from incorporation on March 19, 2020 to December 31, 2020
Net loss for the period	$	(3,968,000)	$	(1,152,000)
Expected recovery at the statutory rate		(1,071,000)		(311,000)
Permanent differences and others		169,000		2,000
Share issuance costs		(43,000)		(4,000)
Other		11,000		-
Change in unrecognized deductible temporary differences		934,000		313,000
Income tax expense (recovery) per financial statements	$	-	$	-
Current income tax expense	$	-	$	-
Deferred income tax expense	$	-	$	-

Deferred income taxes result primarily from temporary differences in the recognition of certain expense items for financial and income tax reporting purposes. Significant components of the Company's potential deferred tax assets and liabilities are as follows:

		December 31, 2021		December 31, 2020
Deferred tax assets and liabilities				
Non-capital loss available for future period	$	1,134,000	$	311,000
Share issuance costs		37,000		2,000
Equipment		10,000		(1,000)
Intangible assets		19,000		1,000
Investment		47,000		-
Unrecognized deferred tax assets		(1,237,000)		(313,000)
Net deferred tax assets	$	**-**	$	**-**

The Company has available non-capital losses of approximately $4,198,000 that may be carried forward to apply against future tax years' income for income tax purposes and will expire between 2040 and 2041.

22. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and sustain the future development of its business. The capital structure of the Company comprises of all components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements. There were no changes to the capital management of the Company during the year ended December 31, 2021.

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the degree to which the inputs used to estimate the fair values are observable:

- Level 1 – Unadjusted quoted price in active market for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, eit11her directly (i.e. prices) or indirectly (i.e. derived from prices);
- Level 3 - inputs for the asset or liability that are not based on observable market data.

The fair values of cash and cash equivalents, other receivables, accounts payable and other liabilities, convertible note and loans payable of the Company approximate their carrying values due to their short-term nature.

The investment in Superbolt held by the Company is considered to represent a level 3 fair value measurement.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash and cash equivalents held in bank accounts and other receivables. The majority of cash and cash equivalents are deposited in bank accounts held with a major bank and reputable online payment processing platforms. As the Company's cash and cash equivalents is held by only one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. Other receivables primarily comprise of balances recoverable for the tax authority for sales tax paid and certain subsidiary receivables from government organization, for which management has estimated $nil expected credit loss. The Company's exposure to credit risk is low.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity by maintaining adequate cash balances and by raising equity financings. The Company has no assurance that such financings will be available on favorable terms. In general, the Company attempts to avoid exposure to liquidity risk by obtaining corporate financing through the issuance of common shares.

As at December 31, 2021, the Company had cash and cash equivalents of $1,439,582 to settle current liabilities of $396,031 which fall due for payment within twelve months of the statement of financial position. All of the Company's contractual obligations are current and due within one year. All of the Company's financial liabilities are due on demand.

24. COMMITMENTS

Leases

During the year ended December 31, 2021, the Company entered into a premise lease for an office space with a term of one-year that expired on February 8, 2022. During the year ended December 31, 2021, the Company terminated the lease contract; and as a result, the amount due for the remainder of the lease became due immediately. As at December 31, 2021, accounts payable and other liabilities includes $25,833 with respect to the lease contract.

As at December 31, 2021, the Company leases kitchen space on a month-to-month basis.

During the year ended December 31, 2021, the Company recognized total rent expense of $158,869 (December 31, 2020 - $20,748) included in general and administrative expense (Note 20) in connection with short-term lease contracts.

25. SUBSEQUENT EVENTS

Beginning January 2022, the Company modified its meals subscription service, replacing meal kits with ready-made meals which require no further preparation by customers. The ready-made meals accommodate the same dietary preferences as the meal kits, are no longer manufactured in house, and are sourced from plant-based companies who are local to Vancouver, BC. The Company no longer manufactures meals or offers meal kits to customers; and as a result closed its kitchen facilities in March 2022.

On February 7, 2022, the Company cancelled 150,000 stock options held by a former employee. The stock options had an exercise price of $0.25 and an expiry date of August 10, 2023.

On February 11, 2022, the Company canceled and returned 130,000 common shares to treasury pursuant to a former shareholder exercising rescission rights. The Company returned $32,500 to the former shareholder.

On February 11, 2022, the Company entered into a 12 month consulting agreement for $21,000 per month to be paid in common shares. The common shares are to be issued at a deemed price equal to the closing market price on the date of issuance. On February 25, 2022, April 4, 2022, April 28, 2022 and May 31, 2022, the Company issued 161,539, 175,000, 300,000 and 323,077 common shares, respectively, pursuant to this consulting agreement.

On February 15, 2022, the Company’s common shares began trading on the Canadian Securities Exchange under the trading symbol “VAGN”.

On March 2, 2022, the Company cancelled 50,000 stock options held by a former employee. The stock options had an exercise price of $0.25 and an expiry date of August 10, 2023.

On March 18, 2022, the Company cancelled 2,250,000 stock options previously held by the CEO and CFO of the Company. The stock options were originally granted on August 10, 2021 at an exercise price of $0.25 with an expiry date of January 1, 2023.

On March 24, 2022, the Company granted 1,800,000 stock options with an exercise price of $0.105 for a period of five years to certain directors and employees of the Company. The options vested immediately.

On March 28, 2022, the Company entered into a debt settlement agreement with a vendor for the issuance of 300,000 common shares to settle $36,000 in amounts payable by the Company. The Company issued the common shares on March 30, 2022.

26. SUBSEQUENT EVENTS (CONTINUED)

On March 28, 2022, 1355441 B.C. Ltd. ("Subco"), a wholly-owned subsidiary of the Company, was incorporated under the Business Corporations Act of British Columbia.

On March 28, 2022, the Company, 1355441 B.C. Ltd. and SMPL Oats Ltd. ("SMPL") entered into an amalgamation agreement. Pursuant to the agreement:

- Subco will amalgamate with SMPL and the name of the Amalco will be "SMPL Oats Ltd.". The shareholders of SMPL will each receive 0.8936 shares of the Company for each SMPL share and the SMPL shares will be cancelled;
- In consideration, the Company is expected to issue 28,571,428 common shares and 19,460,512 share purchase warrants to the existing securityholders of SMPL;
- The share purchase warrants are exercisable into one common share of the Company and are broken down as follows:
    - 1,468,606 warrants exercisable at $0.112 expiring February 9, 2024
    - 5,808,481 warrants exercisable at $0.056 expiring July 13, 2023
    - 182,654 warrants exercisable at $0.056 expiring August 30, 2023
    - 31,812 warrants exercisable at $0.056 expiring October 8, 2023
    - 141,190 warrants exercisable at $0.056 expiring December 21, 2023
    - 5,750,000 warrants exercisable at $0.056 expiring March 25, 2024
    - 6,721,306 warrants exercisable at $0.112 expiring two years from the date of closing the acquisition
- The corporation continuing from the amalgamation will be a wholly-owned subsidiary of the Company.

Completion of the transaction is subject to fulfilling all exchange, as well as any other necessary regulatory or shareholder approvals. Completion of the transaction is also subject to a number of conditions. There can be no assurance that the transaction will be completed as proposed or at all.

On April 5, 2022, the Company entered into a debt settlement agreement with a company controlled by the CFO of the Company for the issuance 187,256 common shares to settle $16,854 in amounts payable by the Company. The common shares were issued on April 6, 2022.

On April 5, 2022, the Company entered into a debt settlement agreement with a vendor for the issuance of 100,000 common shares to settle $10,500 in amounts payable by the Company. The common shares were issued on April 6, 2022.

On April 6, 2022, the Company issued 350,000 common shares to settle $31,500 in amounts payable by the Company pursuant to a debt settlement agreement with a vendor.

On April 7, 2022, the Company granted 750,000 stock options with an exercise price of $0.09 for a period of two years to a consultant of the Company. The options vested immediately.