

Vejii Holdings Ltd.

**Condensed Consolidated Interim Financial
Statements**

**For the three and nine months ended September
30, 2021**

(Expressed in Canadian dollars) (unaudited)

Vejii Holdings Ltd.
Condensed Consolidated Interim Statements of Financial Position
As at September 30, 2021
(Expressed in Canadian dollars)

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Assets		
Current assets		
Cash	\$ 339,436	\$ 97,193
Short term investment (note 3)	140,000	-
Accounts receivable (note 4)	72,978	19,508
Prepaid expenses and deposits (note 5)	465,602	-
Inventory (note 6)	148,106	15,111
Due from a related party	-	20,000
Total current assets	1,166,122	151,812
Non-current assets		
Equipment (note 7)	2,550	5,901
Intangible assets (note 8)	140,965	56,161
Total non-current assets	143,515	62,062
Total assets	\$ 1,309,637	\$ 213,874
Liabilities and shareholders' deficiency		
Current		
Accounts payable and accrued liabilities (note 9)	\$ 1,087,752	\$ 82,445
Due to related parties	-	244,503
Total current liabilities	1,087,752	326,948
Non-current liabilities		
Loan from a related party (note 10)	500,000	-
Total non-current liabilities	500,000	-
Total liabilities	1,587,752	326,948
Shareholders' deficiency		
Share capital (note 11)	4,528,074	120,001
Subscriptions received in advance (note 11)	1,734,702	199,500
Contributed surplus (note 12)	1,051,457	-
Accumulated deficit	(7,592,348)	(432,575)
Total shareholders' deficiency	(278,115)	(113,074)
Total liabilities and shareholders' deficiency	\$ 1,309,637	\$ 213,874

Going concern (note 1)
Subsequent events (note 20)

Approved on behalf of the directors on November 24, 2021

Director (signed) "Kory Zelickson"

Director (signed) "Kenneth Jones"

See accompanying notes to the unaudited condensed consolidated interim financial statements

Vejii Holdings Ltd.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
For the three and nine months ended September 30, 2021
(Expressed in Canadian dollars) (unaudited)

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Revenue (note 15)	\$ 226,252	\$ -	\$ 783,236	\$ -
Cost of goods sold (note 6)	173,804	-	674,183	-
Gross profit	52,448	-	109,053	-
Operating expenses				
Selling and distribution (note 16)	687,089	535	2,749,722	535
General and administrative (note 17)	1,657,363	928	4,484,984	928
Total operating expenses	2,344,452	1,463	7,234,706	1,463
Operating loss	(2,292,004)	(1,463)	(7,125,653)	(1,463)
Other income and expenses				
Interest expense	(4,675)	-	(5,670)	-
Foreign exchange loss	(12,003)	-	(26,810)	-
Loss on disposal of asset	-	-	(1,155)	-
Other income (expenses)	-	-	(485)	-
Total other income and expenses	(16,678)	-	(34,120)	-
Net loss and comprehensive loss for the period	<u>\$(2,308,682)</u>	<u>\$ (1,463)</u>	<u>\$(7,159,773)</u>	<u>\$ (1,463)</u>
Weighted average number of common shares outstanding	84,990,869	8,478,381	74,879,263	2,846,835
Basic and diluted loss per share (note 13)	<u>\$ (0.03)</u>	<u>\$ (0.00)</u>	<u>\$ (0.10)</u>	<u>\$ (0.00)</u>

See accompanying notes to the unaudited condensed consolidated interim financial statements

Vejii Holdings Ltd.
Condensed Consolidated Interim Statements of Changes in Equity (Deficiency)
For the nine months ended September 30, 2021
(Expressed in Canadian dollars) (unaudited)

	Number of shares	Share capital	Shares to be issued	Contributed Surplus	Deficit	Total
Balance at January 1, 2020	120	\$ 1	\$ -	\$ -	\$ -	\$ 1
Net loss and comprehensive loss for the period	-	-	-	-	(1,463)	(1,463)
Shares issued for cash	30,000,000	120,000	-	-	-	120,000
Shares to be issued	-	-	-	-	-	-
Balance at September 30, 2020	30,000,120	\$ 120,001	\$ -	\$ -	\$ (1,463)	\$ 118,538
Balance at January 1, 2021	30,000,120	\$ 120,001	\$ 199,500	\$ -	\$ (432,575)	\$(113,074)
Net loss and comprehensive loss for the period	-	-	-	-	(7,159,773)	(7,159,773)
Shares issued for cash	42,264,750	3,524,475	(199,500)	-	-	3,324,975
Shares issued to settle debt	12,858,297	945,044	-	-	-	945,044
Issue costs	-	(61,446)	(18,707)	-	-	(80,153)
Share based compensation	-	-	-	1,051,457	-	1,051,457
Shares to be issued for special warrants	-	-	1,753,409	-	-	1,753,409
Balance at September 30, 2021	85,123,167	\$ 4,528,074	\$ 1,734,702	\$ 1,051,457	\$ (7,603,630)	\$(278,115)

See accompanying notes to the unaudited condensed consolidated interim financial statements

Vejii Holdings Ltd.
Condensed Consolidated Interim Statements of Cash Flows
For the nine months ended September 30, 2021
(Expressed in Canadian dollars) (unaudited)

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Operating activities				
Net loss	\$(2,308,682)	\$(1,463)	\$ (7,159,773)	\$(1,463)
Items not requiring an outlay of cash:				
Depreciation of equipment	150	-	847	-
Amortization of intangibles	5,539	-	13,386	-
Share based compensation	574,088	-	1,051,457	-
Loss on sale of equipment	-	-	1,155	-
Net change in non-cash working capital balances:				
Accounts receivable	(30,811)	(61)	(53,470)	(61)
Inventory	(15,603)	-	(132,995)	-
Prepaid expenses	(136,616)	-	(215,522)	-
Accounts payable and accrued liabilities	622,412	-	1,737,627	-
Due to related parties	-	2,550	(11,778)	2,550
Cash provided/(used) by operating activities	(1,289,523)	1,026	(4,769,066)	1,026
Investing activities				
Purchase of equipment	-	-	(4,552)	-
Disposal of equipment	4,401	-	5,900	-
Purchase of intangible assets	(44,985)	-	(98,190)	-
Short term investment, net	-	-	(140,000)	-
Acquisition deposit	-	-	(250,080)	-
Cash used in investing activities	(40,584)	-	(486,922)	-
Financing activities				
Loan from related party	500,000	-	500,000	-
Proceeds from issuance of common shares	-	-	3,324,975	-
Share issue costs	(55,896)	-	(61,446)	-
Proceeds from subscriptions to be issued	317,737	-	1,734,702	-
Cash provided by financing activities	761,841	-	5,498,231	-
Increase/(Decrease) in cash during the period	(568,266)	1,026	242,243	1,026
Cash, beginning of period	907,702	1	97,193	1
Cash, end of period	\$ 339,436	\$ 1,027	\$ 339,436	\$ 1,027
Non-cash transactions				
Issuance of shares to settle debt	\$ 170,400	\$ -	\$ 935,044	\$ -
Shares issued for subscription received in prior period	\$ -	\$ -	\$ 199,500	\$ -

See accompanying notes to the unaudited condensed consolidated interim financial statements

Vejii Holdings Ltd.
Notes to the Condensed Consolidated Interim Financial Statements
For the three and nine months ended September 30, 2021
(Expressed in Canadian dollars) (unaudited)

1. Reporting Company

Vejii Holdings Ltd. (“Vejii” or the “Company”) was incorporated on July 30, 2019 under the Business Corporations Act of British Columbia. Its principal business activity is providing a digital marketplace which offers thousands of plant-based and sustainable living products directly to consumers from a wide array of brands. Vejii is currently operating in Canada and the United-States.

The Company's registered office is located at 666 Burrard Street, Suite 2500, Vancouver, British Columbia, V6C 2X8.

Going concern

The nature of the Company's commencement of operations results in significant expenditures for setting up the operations to scale for a large volume of transactions. The eventual generation of profit is dependent upon several factors including expanding into various markets, the ability of the Company to obtain financing to support growth and scale of operations, and to continue to meet working capital and operating cash flows. To date, the Company has not generated positive cash flows from operations and is considered to be in the start-up phase.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assumes the Company will be able to realize its assets and settle its liabilities in the normal course of business. For the nine month period ended September 30, 2021, the Company reported a net loss of \$7,159,773 and an accumulated deficit of \$7,592,348.

The Company's ability to continue as a going concern is dependent upon its ability to obtain additional funding from loans or equity financings provided by the Company's existing shareholders and/or new shareholders or through other arrangements. There is no assurance that the Company will be successful in this regard, although subsequent to period end the Company engaged in a significant financing event (note 20). These events and conditions indicate a material uncertainty that may cast a significant doubt on the Company's ability to continue as a going concern.

These condensed consolidated interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and consolidated statement of financial position classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

COVID 19

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Company's environment and markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Company's operations and the ability to finance its operations. The extent of the impact of this outbreak and related containment measures on the Company's operations cannot be reliably estimated at this time. Additionally, it is possible that estimates in the Company's condensed consolidated interim financial statements will change in the near term as a result of COVID-19. The Company is closely monitoring the impact of the pandemic on all aspects of its business.

Vejii Holdings Ltd.
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2. Basis of preparation

(a) Statement of compliance

These condensed consolidated interim financial statements were prepared in accordance with International Accounting Standards ("IAS") 34 Interim Financial Reporting, and on a basis consistent with the accounting policies disclosed in the Company's annual audited consolidated financial statements for the year ended December 31, 2020.

(b) Basis of presentation

These condensed consolidated interim financial statements include the accounts of Vejii Holdings Ltd. and its 100% owned subsidiary Vejii Inc., a Delaware corporation. The notes presented in these condensed consolidated interim financial statements include in general only significant changes and transactions occurring since the Company's last year end and are not fully inclusive of all disclosures required by IFRS for annual financial statements. These condensed consolidated interim financial statements should be read in conjunction with the Company's annual audited financial statements, including notes thereto, for the year ended December 31, 2020.

(c) Functional and presentation currency

Items included in these condensed consolidated interim financial statements are measured using the currency of the primary economic environment in which the company operates ("the functional currency"). The condensed consolidated interim financial statements are presented in Canadian dollars, which is Vejii Holdings Ltd.'s functional and presentation currency.

(d) Significant estimates and critical judgements

The preparation of the consolidated financial statements in conformity with IFRS requires the use of judgment and estimates that affect the amounts reported and disclosed in the consolidated financial statements and related notes. These judgements and estimates are based on management's knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ materially from the amounts included in the consolidated financial statements. Information about such judgements and estimation is contained in the accounting policies and notes to the consolidated financial statements, and the key areas are summarised below.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods. The most significant estimates as at September 30, 2021 and December 31, 2020 relates to:

- Estimates of the economic life of equipment and intangible assets
- Estimates involved in sales returns and allowances
- Estimates involved in loyalty program expense

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3. Short term investments

Short term investments are comprised of guaranteed investment certificates with a term of twelve months at the time of purchase.

4. Accounts receivable

Accounts receivable consist of:

	September 30, 2021	December 31, 2020
Trade receivables	\$ 3,273	\$ 10,728
Share subscriptions receivable (note 11)	6,459	-
Government remittances receivable	63,246	8,780
	<u>\$ 72,978</u>	<u>\$ 19,508</u>

Trade receivables are amounts due from vendors for onboarding fees and marketing packages. They are generally due for settlement within 30 days and are therefore all classified as current. Due to the short-term nature of the account receivables, their carrying amount is considered to be the same as their fair value.

5. Prepaid expenses and deposits

	September 30, 2021	December 31, 2020
Legal retainer	\$ 20,000	\$ -
Inventory deposit	6,732	-
Deposit for acquisition of Veg Essentials	250,080	-
Marketing services	175,000	-
Other	13,790	-
	<u>\$ 465,602</u>	<u>\$ -</u>

On April 15, 2021, The Company entered a definitive agreement to acquire Veg Essentials LLC for \$1.4 million USD. On September 24, 2021, the definitive agreement was amended to extend the rights of termination for both parties from September 30, 2021 to November 5, 2021 and the total purchase price changed from \$1.4 million USD to \$1.2 million USD. The total purchase price payable under the amended agreement is as follows:

- (a) upon execution of the agreement, a deposit, in cash, of US\$200,000; and
- (b) on the closing date, 3,530,857 Common Shares with a deemed value of US\$1,000,000, issued at a deemed price equal \$0.35.

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6. Inventory

Inventory comprises of goods held for resale, mainly consisting of food products and household items. Inventory at period end was held by a third-party. Inventories recognized as cost of goods sold during the three month period and the nine month period ended September 30, 2021 amounted to \$173,804 and \$674,183, respectively.

Write-downs of inventories to net realizable value was NIL. These are normally recognized as an expense during the period in which they occur and included in the consolidated statement of profit or loss.

7. Equipment

The carrying amount of equipment and the changes in the carrying amount are as follows:

	Computer hardware
a) Cost	
At December 31, 2020	\$ 5,950
Additions	4,552
Disposal	(7,503)
At September 30, 2021	<u>\$ 2,999</u>
b) Accumulated depreciation	
At December 31, 2020	\$ 49
Depreciation	847
Disposal	(447)
At September 30, 2021	<u>\$ 449</u>
c) Carrying amounts (a-b)	
At December 31, 2020	\$ 5,901
At September 30, 2021	<u>\$ 2,550</u>

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8. Intangible assets

The carrying amount of intangibles and the changes in the carrying amount are as follows:

	Website and mobile application development costs
a) Cost	
At December 31, 2020	\$ 57,700
Additions	98,190
At September 30, 2021	<u>\$ 155,890</u>
b) Accumulated amortization	
At December 31, 2020	\$ 1,539
Amortization	13,386
At September 30, 2021	<u>\$ 14,926</u>
c) Carrying amounts (a-b)	
At December 31, 2020	\$ 56,161
At September 30, 2021	<u>\$ 140,965</u>

9. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of:

	September 30, 2021	December 31, 2020
Trade accounts payable	\$ 479,984	\$ 39,118
Deferred revenues (note 15)	73,780	-
Accrued liabilities and other payables	533,988	43,327
	<u>\$ 1,087,752</u>	<u>\$ 82,445</u>

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10. Loan from a related party

On September 8, 2021, the Company entered into a loan agreement with a director of the company for \$500,000 maturing on December 8, 2022. Interest is payable by the Company quarterly at a rate of 10% per annum on the outstanding principal sum.

11. Issued share capital

On February 4, 2021, the Company closed a private placement financing pursuant to which a total of 14,040,000 common shares were issued at a price of \$0.05 per share, for gross aggregate proceeds of \$702,000. As of September 30, \$1,519 worth of common shares have been issued but proceeds have yet to be received. This is referred to as share subscription receivable.

On February 12, 2021, the Company settled debt with third parties of \$462,500 through the issuance of common shares. The Company issued a total of 9,250,000 common shares at an issue price of \$0.05 per share.

On February 24, 2021, the Company closed a private placement financing pursuant to which a total of 26,144,750 common shares were issued at a price of \$0.10 per share, for gross aggregate proceeds of \$2,614,475 and 100,000 common shares were issued at a price of \$0.10 per share for settlement of debt with related party of \$10,000.

On March 23, 2021, the Company closed a private placement financing pursuant to which a total of 2,080,000 common shares were issued at a price of \$0.10 per share, for gross aggregate proceeds of \$208,000.

On March 23, 2021, the Company settled debt with related and third parties of \$302,144 through the issuance of common shares. The Company issued a total of 3,021,440 common shares at an issue price of \$0.10 per share.

On July 6, 2021, the Company issued an Offering for an aggregate of 6,700,142 Subscription Receipts and 5,009,741 Special Warrants. Gross proceeds of \$2,345,050 were received for the Subscription Receipts which have been placed in escrow. Gross proceeds of \$1,753,410 were received for the Special Warrants. Each Subscription Receipt and Special Warrant shall entitle the holder to automatically receive, without payment of additional consideration or further act or formality on the part of the holder thereof, one Underlying Unit. Each Underlying Unit is comprised of one common share and one-half of one common share warrant. Each full warrant is exercisable into one common share at an exercise price of \$0.50 per share. As of September 30, \$4,930 worth of Special Warrants have yet to be received. This amount is included in share subscriptions receivable.

On July 26, 2021, the Company settled debt with third parties of \$170,400 through the issuance of common shares. The Company issued a total of 486,857 common shares at an issue price of \$0.35 per share.

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12. Stock option plan

A stock option plan (the "Stock Option Plan") was established by the Company to attract and retain employees, consultants, officers and directors of the Company. The Stock Option Plan provides for the granting of options to purchase common shares of the Company. Under the Stock Option Plan, stock options generally vest over a period of two years and expire five years from the grant date.

The following table summarizes the continuity of the stock options during the nine-month periods ended:

	September 30, 2021		September 30, 2020	
	Number of options	Weighted average price	Number of options	Weighted average price
Outstanding, beginning of period	-	\$ -	-	\$ -
Granted	11,960,000	0.32	-	-
Exercised	-	-	-	-
Forfeited	(675,000)	0.35	-	-
Outstanding, end of period	11,285,000	0.32	-	-
Exercisable, end of period	4,374,000	\$ 0.32	-	\$ -

The stock options granted during the nine-month period ended September 30, 2021 had a weighted average fair value of \$0.15 (2020 is \$NIL). The weighted average inputs to the Black-Scholes Option Pricing model are as follows:

	September 30, 2021	December 31, 2020
Expected volatility	53%	-
Risk-free interest rate	0.95%	-
Expected life (months)	57	-
Weighted average value at grant date	\$ 0.32	-
Weighted average exercise price	\$ 0.32	-

During the three-month and nine-month periods ended September 30, 2021, an expense of \$574,088 and \$1,051,457 respectively (2020 – \$NIL), was recorded in the condensed consolidated interim statement of loss and comprehensive loss in relation to the Stock Option Plan.

13. Basic and diluted loss per share

The calculation of basic and diluted loss per share for the three-month period ended September 30, 2021, was based on the loss attributable to common shareholders of \$2,308,682 (2020 - \$1,463) and the basic and diluted weighted average number of common shares outstanding of 84,990,869 (2020 – 8,478,381). The calculation of basic and diluted loss per share for the nine-month period ended September 30, 2021, was based on the loss attributable to common shareholders of \$7,159,773 (2020 - \$1,463) and the basic and diluted weighted average number of common shares outstanding of 74,879,263 (2020 – 2,846,835).

Vejii Holdings Ltd.
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14. Warrants

The Company has outstanding share warrants. Each warrant is convertible into one common share of the Company upon exercise. The following table summarizes warrants outstanding and exercisable:

Date of issuance	Date of expiry	Exercise price	September 30, 2021 outstanding and exercisable	December 31, 2020 outstanding and exercisable
September 2, 2020	September 2, 2025	\$ 0.001	20,000,000	20,000,000
September 11, 2020	September 11, 2025	\$ 0.01	10,000,000	10,000,000
			<u>30,000,000</u>	<u>30,000,000</u>

The following table summarizes the warrants issued during the period:

	September 30, 2021		September 30, 2020	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding at the beginning of the period	30,000,000	\$ 0.004	-	\$ -
Issued during the period	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Outstanding at end of period	<u>30,000,000</u>	<u>\$ 0.004</u>	<u>-</u>	<u>\$ -</u>

The warrants outstanding at December 31, 2020 had a weighted average exercise price of \$0.004. The estimated fair values of the warrants granted in 2020 is \$NIL. The weighted average inputs to the Black-Scholes Option Pricing model are as follows:

	September 30, 2021	December 31, 2020
Dividends	-	NIL
Expected volatility	-	100%
Risk-free interest rate	-	0.23%
Expected life (months)	-	6-54
Exercise price	-	\$0.25
Stock price	-	\$0.01

Expected volatility was determined by calculating the historical volatility of similar public companies over the same period as the expected life of the options.

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15. Revenue

The Company's marketplace operations and associated revenue streams are those described in the last annual financial statements. Revenue arises from the sales of goods to customers through online store orders. As of July 2021, the Company began offering optional marketing services to third party marketplace vendors. These services include targeted ads, social media marketing, influencer marketing and product features on our website.

Services revenue from strategic partnerships with customers are recognized as the service milestones are performed and is measured at the agreed upon transaction price based on the underlying arrangement which defines the consideration expected to be received.

The following table summarizes revenue disaggregated by Marketplace revenue and Services revenue for the periods presented:

	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Marketplace	782,600	-
Services	636	-
	<u>\$ 783,236</u>	<u>\$ -</u>

Deferred revenues

The Company records deferred revenues when cash payments are received, which represents the value of the Company's unsatisfied performance obligations.

Deferred revenue for the nine month period ended September 30, 2021 amounted to \$73,780.

16. Selling and distribution expenses

Selling and distribution expenses are comprised of the following:

	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Marketing and advertising	\$ 1,185,930	\$ 535
Freight, packaging and warehousing	1,298,051	-
Contract services	230,939	-
Other	34,802	-
	<u>\$ 2,749,722</u>	<u>\$ 535</u>

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17. General and administrative expenses

General and administrative expenses are comprised of the following:

	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Compensation and contract services	\$ 2,128,994	\$ -
Share based compensation	1,051,457	-
Professional services	955,875	753
Software and IT	168,049	-
Bad debt expense	30,825	-
Loyalty program expense	39,887	-
Depreciation and amortization	14,234	-
Rent	33,489	-
Other	62,174	175
	<u>\$ 4,484,984</u>	<u>\$ 928</u>

18. Capital management

The Company's objectives in managing its capital are as follows:

- To safeguard its ability to continue as a going concern; and
- To have sufficient capital to be able to meet its strategic objectives including the continued expansion of its services offerings and locales.

Given the current start-up phase, the Company's primary source of capital is derived from debt and equity issuances. Capital consists of equity attributable to common shareholders.

The Company has no externally imposed capital requirements and manages its capital structure in accordance with its strategic objectives and changes in economic conditions. In order to maintain or adjust its capital structure, the Company may issue new shares in the form of private placements and/or secondary public offerings.

Additional information relating to going concern is disclosed in note 1.

There has been no change in the Company's approach to capital management during the period ended September 30, 2021.

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19. Financial instruments

Carrying value and fair value

The Company's financial instruments comprise cash, short term investments, accounts receivable, amounts due from related party, accounts payable and accrued liabilities and amounts due to related parties.

Financial instruments recognized at fair value on the condensed consolidated interim statement of financial position are classified in fair value hierarchy levels as follows:

- Level 1: Valuation based on unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques based on inputs other than Level 1 quoted prices that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices)
- Level 3: Valuation techniques with unobservable market inputs (involves assumptions and estimates by management).

Cash, accounts receivable and amounts due from related party are recorded at amortized cost.

Accounts payable and accrued liabilities and amounts due to related parties are classified as other financial liabilities and are recorded at amortized cost.

Fair value

The carrying amounts of cash, accounts receivable, amounts due from and due to related parties, accounts payable and accrued liabilities do not materially differ from their fair values given their short-term period to maturity.

Financial risk factors

The Company's activities expose it to a variety of financial risks, including foreign exchange risk, credit risk and interest rate risk.

Credit risk

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. Financial instruments that potentially subject the Company to credit risk consist of cash. The carrying amount of the Company's financial assets represents the Company's maximum exposure to credit risk. The Company manages credit risk by placing cash and short term investments with major Canadian financial institutions. The Company manages credit risk of its accounts receivable by only extending credit to creditworthy customers. Management believes the credit risk is low.

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Foreign exchange risk

The Company operates in Canada and the United States and therefore, currently, has limited exposure to foreign exchange risk arising from transactions denominated in foreign currencies. Other than Canadian dollar balances, the Company holds balances in cash, accounts receivable and due to related parties and accounts payable that are denominated in US\$ as outlined below. Accordingly, the Company is subject to foreign exchange risk relating to such balances in connection with fluctuations against the Canadian dollar. The Company has no program in place for hedging foreign currency risk.

The Company held the following foreign currency denominated balances as at September 30, 2021 and December 31, 2020:

	September 30, 2021	December 31, 2020
Cash (US \$)	\$ 64,315	\$ 13,303
Accounts receivable (US \$)	3,063	8,426
Due to related parties (US \$)	-	(5,746)
Accounts payable and accrued liabilities (US \$)	(234,260)	(8,616)
Total (US \$)	<u>(166,882)</u>	<u>\$7,367</u>
Foreign exchange rate	1.27	1.27
Equivalent in Canadian dollars	<u>\$ (212,623)</u>	<u>\$ 9,380</u>

Based on the balances held as at September 30, 2021, a 10% decrease in the Canadian dollar per US dollar exchange rates would have resulted in a decrease in the net loss for the period ended of approximately \$21,262 (2020 – increase in net loss of \$938)

Interest rate risk

Interest rate risk is the risk that cash flows will fluctuate due to changes in market interest rates. While the Company's financial assets are generally not exposed to significant interest rate risk because of their short-term nature, changes in interest rates will have a corresponding impact on interest income realized on such assets.

The Company's financial liabilities are not exposed to significant interest rate risk because they are either non-interest bearing or carry a fixed interest rate. Changes in interest rates will not have a corresponding impact on interest expense incurred on such liabilities.

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20. Subsequent events

On October 3, 2021, the Escrow Release Conditions related to the Offering of July 6, 2021 were not satisfied. As a result, a "penalty provision" was triggered that entitles each Special Warrant holder to automatically receive, without payment of additional consideration or further act or formality on the part of the holder thereof, one Underlying Unit. Each Underlying Unit is now comprised of 1.10 common shares and 0.55 of one common share warrant. Each full warrant is exercisable into one common share at an exercise price of \$0.50 per share.

On October 29, 2021, 3,530,857 common shares were issued in satisfaction of the purchase agreement between The Company and Veg Essentials.

On November 1, 2021, the Subscription Receipts and Special Warrants were converted into an aggregate of 12,210,857 Common Shares and 6,105,429 common share purchase warrants (the "Warrants"), with each Warrant being exercisable for one additional Common Share at a price of \$0.50 until November 1, 2023.

On November 10, 2021, the common shares of the Company commenced trading on the Canadian Securities Exchange (the "CSE") under the symbol "VEJI".