

**Veji Holdings Ltd.**

**Condensed Consolidated Interim Financial  
Statements**

**For the three and nine months ended September  
30, 2023**

**(Expressed in Canadian dollars) (unaudited)**

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited condensed consolidated interim financial statements of Veji Holdings Ltd. (“Veji” or the “Company”) have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements.

**Veji Holdings Ltd.**  
**Condensed Consolidated Interim Statements of Financial Position**  
**As at September 30, 2023 and December 31, 2022**  
**(Expressed in Canadian dollars)**

	September 30, 2023	December 31, 2022
	(unaudited)	(audited)
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 1,066	\$ 11,569
Accounts receivable (note 4)	6,076	31,423
Short term investments (note 5)	-	225,000
Prepaid expenses and deposits (note 6)	23,725	-
<b>Total current assets</b>	<b>30,867</b>	<b>267,992</b>
<b>Total assets</b>	<b>\$ 30,867</b>	<b>\$ 267,992</b>
<b>Liabilities and shareholders' equity</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (note 7)	\$ 207,237	\$ 3,914,853
Loans and borrowings (note 8)	24,890	3,930,319
<b>Total current liabilities</b>	<b>232,127</b>	<b>7,845,172</b>
<b>Total liabilities</b>	<b>232,127</b>	<b>7,845,172</b>
<b>Shareholders' equity (deficiency)</b>		
Share capital (note 9)	11,436,658	11,308,027
Contributed surplus (note 10)	3,765,498	3,752,610
Accumulated deficit	(15,301,302)	(22,508,795)
Accumulated other comprehensive loss	(102,114)	(129,022)
<b>Total shareholders' equity (deficiency)</b>	<b>(201,260)</b>	<b>(7,577,180)</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 30,867</b>	<b>\$ 267,992</b>

Going concern (note 2)

Subsequent event (note 19)

Approved on November 24, 2023, by the Board of Directors

Director signed "Kory Zelickson"

Director signed "Kenneth Jones"

See accompanying notes to the condensed consolidated interim financial statements

**Veji Holdings Ltd.**  
**Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)**  
**For the three and nine months ended September 30, 2023 and September 30, 2022**  
**(Expressed in Canadian dollars) (unaudited)**

	Three months ended		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
<b>Revenue</b> (note 11)	\$ -	\$ 535,843	\$ -	\$ 3,307,179
<b>Cost of goods sold</b>	-	593,288	-	2,223,651
<b>Gross profit</b>	-	<b>(57,445)</b>	-	<b>1,083,528</b>
Selling and distribution (note 12)	-	196,663	-	1,812,386
General and administrative (note 13)	64,906	623,932	171,846	4,289,109
Loss on sale of short-term investments	-	-	172,704	-
Gain on derecognition of financial liabilities	(4,729)	-	(7,557,575)	-
Realized and unrealized foreign exchange loss	571	1,850	571	31,014
Loss on disposal of asset	-	-	-	40,466
Loss on write down of intangibles, net	-	1,474,637	-	1,474,637
Loss on write down of goodwill	-	4,774,205	-	4,774,205
Gain on lease modification	-	(14,241)	-	(14,241)
Gain on remeasurement of contingent consideration, net	-	(1,828,841)	-	(1,828,841)
<b>Total operating expenses</b>	<b>60,749</b>	<b>5,228,205</b>	<b>(7,212,454)</b>	<b>10,578,735</b>
<b>Operating income (loss)</b>	<b>\$ (60,749)</b>	<b>\$(5,285,649)</b>	<b>\$ 7,212,454</b>	<b>\$ (9,495,207)</b>
Interest expense, net	821	25,064	4,961	168,702
<b>Net finance expense</b>	<b>821</b>	<b>25,064</b>	<b>4,961</b>	<b>168,702</b>
<b>Net income (loss) for the period</b>	<b>(61,568)</b>	<b>(5,310,714)</b>	<b>7,207,493</b>	<b>(9,663,910)</b>
<b>Other comprehensive loss:</b> Items that may be reclassified subsequently to profit or loss:				
Currency translation adjustment	3,929	(105,805)	26,907	(171,689)
<b>Total comprehensive income (loss) for the period</b>	<b>(57,639)</b>	<b>(5,416,519)</b>	<b>7,234,400</b>	<b>(9,835,599)</b>
Weighted average number of common shares outstanding	54,310,772	28,584,626	49,944,558	28,584,626
Basic and diluted net income (loss) per share (note 14)	\$ (0.001)	\$ (0.19)	\$ 0.14	\$ (0.34)

See accompanying notes to the condensed consolidated interim financial statements

**Veji Holdings Ltd.**  
**Condensed Consolidated Interim Statements of Changes in Equity (Deficiency)**  
**For the nine months ended September 30, 2023 and September 30, 2022**  
**(Expressed in Canadian dollars) (unaudited)**

	Number of shares	Share capital	Shares to be issued	Contributed Surplus	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
<b>Balance at December 31, 2021</b>	<b>28,584,626</b>	<b>\$ 11,308,027</b>	<b>\$ -</b>	<b>\$ 3,659,931</b>	<b>\$ (12,684,246)</b>	<b>\$ (337)</b>	<b>\$ 2,283,375</b>
Net loss and comprehensive loss for the period	-	-	-	-	(9,663,910)	(171,689)	(9,835,599)
Share based compensation	-	-	-	79,721	-	-	79,721
<b>Balance at September 30, 2022</b>	<b>28,584,626</b>	<b>11,308,027</b>	<b>-</b>	<b>3,739,652</b>	<b>(22,348,156)</b>	<b>(172,026)</b>	<b>(7,472,504)</b>
<b>Balance at December 31, 2022</b>	<b>28,584,626</b>	<b>\$ 11,308,027</b>	<b>\$ -</b>	<b>\$ 3,752,610</b>	<b>\$(22,508,795)</b>	<b>\$ (129,022)</b>	<b>\$ (7,577,180)</b>
Net income and comprehensive income for the period	-	-	-	-	7,207,493	26,907	7,234,401
Shares issued to settle liabilities	25,726,146	128,631	-	-	-	-	128,631
Share based compensation	-	-	-	12,888	-	-	12,888
<b>Balance at September 30, 2023</b>	<b>54,310,772</b>	<b>\$ 11,436,658</b>	<b>\$ -</b>	<b>\$ 3,765,498</b>	<b>\$(15,301,302)</b>	<b>\$ (102,114)</b>	<b>\$ (201,260)</b>

See accompanying notes to the condensed consolidated interim financial statements

**Veji Holdings Ltd.**  
**Condensed Consolidated Interim Statements of Cash Flows**  
**For the three and nine months ended September 30, 2023 and September 30, 2022**  
**(Expressed in Canadian dollars) (unaudited)**

	Three months ended		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
<b>Operating activities</b>				
Net income/(loss) for the period	\$ (61,567)	\$ (5,310,714)	\$ 7,207,493	\$ (9,663,910)
Items not requiring an outlay of cash:				
Depreciation of equipment	-	(460)	-	12,755
Depreciation of right-of-use-asset	-	13,841	-	31,213
Amortization of intangibles	-	10,316	-	215,160
Share based compensation	1,684	18,278	12,888	79,721
Gain on remeasurement of contingent consideration	-	(1,828,841)	-	(1,828,841)
Loss on disposal of asset	-	-	-	40,466
Gain on lease modification	-	(14,241)	-	(14,241)
Loss on write down of intangibles	-	1,474,637	-	1,474,637
Loss on write down of goodwill	-	4,774,205	-	4,774,205
Loss on sale of investments	-	-	172,704	-
Gain on derecognition of financial liabilities	63,432	-	(7,588,046)	-
	<u>3,548</u>	<u>(862,979)</u>	<u>(194,960)</u>	<u>(4,878,834)</u>
<b>Net change in non-cash working capital balances:</b>				
Accounts receivable	(1,140)	172,786	25,347	126,673
Inventory	-	392,600	-	725,594
Prepaid expenses	(22,742)	84,754	(23,725)	273,507
Accounts payable and accrued liabilities	(1)	55,327	101,906	1,412,459
Due to related parties	-	10,842	-	-
Deferred revenue	-	7,852	-	89,529
Inter-company transaction	-	680	-	-
	<u>(20,334)</u>	<u>(138,137)</u>	<u>(91,432)</u>	<u>(2,251,071)</u>
<b>Cash used in operating activities</b>				
<b>Investing activities</b>				
Purchase of equipment	-	136	-	(7,840)
Intangible development costs	-	54,006	-	-
Proceeds from sale of short-term investments	-	140,000	52,292	140,000
	<u>-</u>	<u>194,142</u>	<u>52,292</u>	<u>132,160</u>
<b>Cash provided/(used) by investing activities</b>				
<b>Financing activities</b>				
Payments of lease obligations	-	(8,007)	-	(20,147)
Proceeds/(repayments) from loans and borrowings	-	144,126	1,725	2,192,775
	<u>-</u>	<u>136,120</u>	<u>1,725</u>	<u>2,172,629</u>
<b>Cash provided/(used) by financing activities</b>				
Increase/(decrease) in cash during the period	(20,334)	192,125	(37,415)	53,718
Effect of exchange rate changes on cash	3,932	(209,101)	26,912	(187,022)
Cash, beginning of period	17,468	26,693	11,569	143,021
	<u>\$ 1,066</u>	<u>\$ 9,717</u>	<u>\$ 1,066</u>	<u>\$ 9,717</u>
<b>Cash, end of period</b>				
<b>Non-cash transaction</b>				
Issuance of shares to settle liabilities	-	-	128,631	-

See accompanying notes to the condensed consolidated interim financial statements

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**Veji Holdings Ltd.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three months and nine months ended September 30, 2023**  
**(Expressed in Canadian dollars) (unaudited)**

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## **1. REPORTING COMPANY**

Veji Holdings Ltd. was incorporated on July 30, 2019 under the Business Corporations Act of British Columbia. Its current principal business activity is a holding company. Previously, Veji operated a digital marketplace which offered thousands of plant-based and sustainable living products directly to consumers from a wide array of brands.

The Company's registered office is located at 666 Burrard Street, Suite 2500, Vancouver, British Columbia, V6C 2X8. Beginning on November 10, 2021, the Company became listed on the Canadian Securities Exchange and trades under the symbol VEJI.

## **2. BASIS OF PRESENTATION**

### **Statement of compliance**

These condensed consolidated interim financial statements of the Company have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements do not include all of the disclosures required for annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and should be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended December 31, 2022.

These condensed consolidated interim financial statements of the Company were approved by the Board of Directors ("Board") on November 24, 2023.

### **Basis of consolidation**

These condensed consolidated interim financial statements include the accounts of Veji Holdings Ltd. and its 100% owned subsidiaries Vejii Inc., Vejii Holdings Ltd (UK), Veg Essentials LLC and VEDGEco USA, Inc.

All intercompany transactions and balances have been eliminated upon consolidation.

A subsidiary is a company which is controlled by Veji. The Company has control over a subsidiary when it is exposed to or has rights to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

A subsidiary is fully consolidated from the date on which control is obtained by the Company and is deconsolidated from the date that control ceases.

### **Basis of measurement**

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value.

### **Functional and presentation currency**

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the functional currency of the Company. The functional currency of the Company's material subsidiaries being Veg Essentials LLC and VEDGEco USA, Inc. is the United States Dollar.

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**Veji Holdings Ltd.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three months and nine months ended September 30, 2023**  
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**2. BASIS OF PRESENTATION (continued)**

**Going concern**

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes the Company will be able to realize its assets and settle its liabilities in the normal course of business. The nature of the Company's commencement of operations resulted 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. As at September 30, 2023 the Company had an accumulated deficit of \$15,301,302 and working capital deficiency of \$201,260. These conditions give rise to a material uncertainty that may cast a significant doubt on the Company's ability to continue as a going concern.

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. 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.

**Critical accounting estimates and judgments**

The preparation of the Company's condensed consolidated interim financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income, expenses, and accompanying disclosures. Actual results may differ from these estimates. Estimates and underlying assumption are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those applied to the Company's annual audited consolidated financial statements for the year ended December 31, 2022.

**Share consolidation**

On March 28, 2022, the Company completed a one-for-four share consolidation of all outstanding common shares. Shares reserved under the Company's equity and incentive plans were adjusted to reflect the share consolidation. All share and per share data presented in the Company's condensed consolidated interim financial statements have been retroactively adjusted to reflect the share consolidation unless otherwise noted.

**3. SIGNIFICANT ACCOUNTING POLICIES**

Significant accounting policies applied in these condensed consolidated interim financial statements are the same as those applied to the Company's annual audited consolidated financial statements for the year ended December 31, 2022.



**Veji Holdings Ltd.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three months and nine months ended September 30, 2023**  
**(Expressed in Canadian dollars) (unaudited)**

**4. ACCOUNTS RECEIVABLE**

Accounts receivable consist of:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
Government remittances receivable	\$ 6,076	\$ 31,423
	<u>\$ 6,076</u>	<u>\$ 31,423</u>

**5. SHORT TERM INVESTMENTS**

Short term investments were comprised of common shares of PlantX Life Inc. received from the sale of its domain, VeganEssentials.com and certain associated intellectual property and assets of PlantX Life Inc. The common shares were held for trading and were measured at fair value at each reporting date, with changes in fair value recognized in profit or loss. The common shares were sold during the period ended March 31, 2023.

**6. PREPAID EXPENSES AND DEPOSITS**

Prepaid expenses and deposits consist of:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
Legal retainer	\$ 23,725	\$ -
	<u>\$ 23,725</u>	<u>\$ -</u>

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities consist of:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
Trade accounts payable	\$ 113,938	\$ 1,729,726
Accrued liabilities and other payables	93,298	2,185,127
	<u>\$ 207,237</u>	<u>\$ 3,914,853</u>

**8. LOANS AND BORROWINGS**

Below is a summary of loans and borrowings of the Company:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
<b>Short-term debt:</b>		
Working capital loans (i)	\$ -	\$ 183,115
Unsecured loan (ii)	-	736,104
Revolving grid note (iii)	-	679,426
Due to related party (iv)	24,890	185,674
Current portion of long-term debt	-	2,146,000
Total short-term debt	<u>\$ 24,890</u>	<u>\$ 3,930,319</u>
<b>Long-term debt:</b>		
Loan from related party (v)	-	2,146,000
Less: Current portion of loan from related party	-	(2,146,000)
Total long-term debt	<u>\$ -</u>	<u>\$ -</u>

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**Veji Holdings Ltd.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three months and nine months ended September 30, 2023**  
**(Expressed in Canadian dollars) (unaudited)**

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**8. LOANS AND BORROWINGS (continued)**

- (i) Working capital loans relate to short term funding advances from financial institutions, whereby in exchange for funding advances, the Company is required to remit to the financial institutions, periodic payments determined on the basis of a percentage of the Company's collections from customers during the same period (the remittance rate between 5% to 20%), such that the total amounts remitted by the Company in excess of the advanced amounts, represent an effective financing fee of between 6% to 13% over the remittance period.

The working capital loans are secured against the Company's accounts receivable balances underlying the remittance rate requirement, together with any cash balance held by the Company in a designed bank account used by the Company with its platform for customers.

- (ii) Represents various amounts advanced by former directors of Veg Essentials LLC and VEDGEco USA, Inc. The unsecured loan is interest free and repayable on demand.
- (iii) The revolving grid note facility was closed with a former related party of VEDGEco USA, Inc., with the total facility amounting to US\$500,000, available to VEDGEco USA, Inc. in five equal monthly advances starting September 15, 2021, priced at an interest rate of 10% per annum and maturity on September 14, 2022.
- (iv) The Company was advanced amounts totaling \$24,890 (2022 – \$185,674) by a director of the Company. The advances are non-interest bearing and repayable on demand.
- (v) On September 8, 2021, the Company entered into a promissory note with a director for a loan amounting to \$500,000 with interest at 10% per annum, payable quarterly and maturity on December 8, 2022. On July 27, 2022, the Company entered into an agreement with a director to convert advances of \$1,646,000 into a senior secured loan with a maturity date of May 24, 2024 and an interest rate of 10% per annum, payable quarterly.

**9. SHARE CAPITAL**

The Company is authorized to issue an unlimited number of common shares without par value. As at September 30, 2023, there were 54,310,772 (December 31, 2022 – 28,584,626) common shares issued and outstanding.

**Issued**

On April 26, 2023, after receiving approval from the Supreme Court of British Columbia (Vernon Registry) for its Division I proposal pursuant to the Bankruptcy and Insolvency Act (Canada), the Company issued 25,726,146 common shares to its creditors to settle outstanding debt in the approximate amount of \$4,000,000. In addition, the Company wrote down other debt and liabilities resulting in a gain on derecognition of financial liabilities of \$7,557,575.

**10. STOCK OPTION PLAN, WARRANTS AND ADVISOR OPTIONS**

An employee 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. For the nine months ended September 30, 2023, share based compensation expense of \$12,888 (2022 – \$79,720), was recorded in the Condensed Consolidated Interim Statements of Loss and Comprehensive Loss in relation to the Stock Option Plan and Contributed Surplus.

**Veji Holdings Ltd.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three months and nine months ended September 30, 2023**  
**(Expressed in Canadian dollars) (unaudited)**

**10. STOCK OPTION PLAN, WARRANTS AND ADVISOR OPTIONS (continued)**

The following table summarizes the continuity of the stock options during the nine months ended September 30, 2023 and 2022:

	September 30, 2023		September 30, 2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	2,468,750	\$ 1.27	2,788,750	\$ 1.28
Granted during period	-	-	-	-
Exercised during period	-	-	-	-
Forfeited during period	-	-	(320,000)	1.40
<b>Outstanding, end of period</b>	<b>2,468,750</b>	<b>1.27</b>	<b>2,468,750</b>	<b>1.27</b>
<b>Exercisable, end of period</b>	<b>2,468,750</b>	<b>\$ 1.27</b>	<b>1,927,500</b>	<b>\$ 1.26</b>

**WARRANTS AND ADVISOR OPTIONS**

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

Date of issuance	Date of expiry	Exercise price	September 30, 2023 outstanding and exercisable	September 30, 2022 outstanding and exercisable
September 2, 2020	September 2, 2025	\$ 0.60 (a)	5,000,000	5,000,000
September 11, 2020	September 11, 2025	\$ 1.00 (a)	2,500,000	2,500,000
July 6, 2021	July 6, 2023	\$ 1.40	-	155,490
November 1, 2021	November 1, 2023	\$ 2.00	1,526,327	1,526,327
			<u>9,026,327</u>	<u>9,181,817</u>

- (a) The exercise price of the warrants issued on September 2, 2020 increased to \$0.60 from \$0.004 and the exercise price of the warrants issued September 11, 2020 increased to \$1.00 from \$0.04 (collectively these warrants are referred to as the "2020 warrants") upon the Company listing on a public stock exchange. Given the repricing terms of these 2020 warrants and the embedded derivative thereof, the Company estimated the fair value of these warrants (classified as financial liabilities at FVTPL) at grant date and at December 31, 2020 to be \$nil. At the point of completing a listing in November 2021, the Company remeasured the fair value of these warrants to be \$3,117,856 which was recorded as a loss on remeasurement of warrant liability within the consolidated statements of loss and comprehensive loss. Pursuant to the repricing adjustment, the Company determined that the 2020 warrants met the criteria for classification as equity instruments and accordingly, at December 31, 2021 \$3,117,856 has been reclassified within contributed surplus. The fair value of the 2020 warrants was remeasured using the Black-Scholes Option Pricing model, with the following estimated inputs: risk free rate of interest of 1.36%, expected volatility of 54.11% and expected life of 4 years.
- (b) The weighted average exercise price of warrants and advisor options outstanding at the end of the period September 30, 2023 was \$0.95 (2022 - \$0.96).

**Veji Holdings Ltd.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three months and nine months ended September 30, 2023**  
(Expressed in Canadian dollars) (unaudited)

**11. REVENUE**

Revenue arises from the sales of goods to customers through online store orders on the Company's marketplaces. 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 nine months ended:

	<b>September 30, 2023</b>	<b>September 30, 2022</b>
<b>Major service lines revenue</b>		
Marketplace	\$ -	\$ 3,187,989
Marketing services	-	119,190
	<u>\$ -</u>	<u>\$ 3,307,179</u>

**12. SELLING AND DISTRIBUTION EXPENSES**

Selling and distribution expenses are comprised of the following for the nine months ended:

	<b>September 30, 2023</b>	<b>September 30, 2022</b>
Marketing and advertising	\$ -	\$ 186,504
Freight, packaging and warehousing	-	1,376,486
Contract services	-	64,630
Other	-	184,766
	<u>\$ -</u>	<u>\$ 1,812,386</u>

**Veji Holdings Ltd.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three months and nine months ended September 30, 2023**  
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**13. GENERAL AND ADMINISTRATIVE EXPENSES**

General and administrative expenses are comprised of the following for the nine months ended:

	<b>September 30, 2023</b>	<b>September 30, 2022</b>
Compensation and contract services	\$ 11,900	\$ 1,739,130
Professional services	121,784	1,455,415
Share based compensation	12,888	79,720
Software and IT expenses	13,104	211,842
Insurance	-	75,342
Licenses, dues and subscriptions	9,079	34,808
Facilities expenses	-	118,536
Depreciation and amortization	-	279,792
Legal settlement	-	50,000
Bad debt expense	-	63,474
Lease termination expense	-	36,440
Other	3,091	144,610
	<u>\$ 171,846</u>	<u>\$ 4,289,109</u>

**14. BASIC AND DILUTED LOSS PER SHARE**

The calculation of basic and diluted net income per share for the nine months ended September 30, 2023 was based on the net income attributable to common shareholders of \$7,207,493 (2022 – net loss \$9,663,910) and the basic and diluted weighted average number of common shares outstanding of 49,944,558 (2022 – 28,584,626).

**15. RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties and related party transactions are summarized below and include transactions with the following individuals or entities:

**Key management compensation**

Key management personnel, including companies controlled by them, are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

Remuneration attributed to key management personnel is summarized as follows for the period ended:

	<b>September 30, 2023</b>	<b>September 30, 2022</b>
Management wages	\$ -	\$ 368,542
Share based compensation	2,683	56,304
	<u>\$ 2,683</u>	<u>\$ 424,846</u>

As at September 30, 2023, the Company owed Kory Zelickson, Chief Executive Officer and director a total of \$24,890 (2022 – \$2,464,552) for funds and loans advanced by Mr. Zelickson.

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**Veji Holdings Ltd.**  
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**For the three months and nine months ended September 30, 2023**  
**(Expressed in Canadian dollars) (unaudited)**

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## **16. 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. There has been no change in the Company's approach to capital management during the period ended September 30, 2023.

## **17. FINANCIAL INSTRUMENTS**

### **Carrying value and fair value**

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

Financial instruments recognized at fair value on the consolidated 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, short-term investments, 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, loans and borrowings, accounts payable and accrued liabilities do not materially differ from their fair values given their short-term period to maturity.

**Veji Holdings Ltd.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
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**(Expressed in Canadian dollars) (unaudited)**

**18. RISK MANAGEMENT AND LIQUIDITY**

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.

**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, 2023 and December 31, 2022:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
Cash (US \$)	\$ 732	\$ 1,520
Accounts receivable (US \$)	-	-
Accounts payable and accrued liabilities (US \$)	-	(1,838,692)
Lease obligation (US \$)	-	-
Loans and borrowings (US \$)	-	(1,598,646)
Total (US \$)	<u>\$ 732</u>	<u>\$ (3,435,818)</u>
Foreign exchange rate	1.3520	1.3013
Equivalent in Canadian dollars	<u>\$ (989)</u>	<u>\$ (4,471,030)</u>

Based on the balances held as at September 30, 2023, a 10% appreciation of the Canadian dollar relative to the US dollar would have resulted in a decrease in the net loss for the period ended of approximately \$99 (December 31, 2022 – \$447,103)

**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.

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**Veji Holdings Ltd.**  
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**18. RISK MANAGEMENT AND LIQUIDITY (continued)**

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.

**Liquidity Risk**

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

**19. Subsequent Event**

October 25, 2023, Veji entered into an amalgamation agreement with Keto Caveman Foods Inc. ("Keto") and BC1420516 Ltd., a wholly-owned subsidiary of the Company pursuant to which the Company will acquire all of the issued and outstanding securities of Keto by way of "three-cornered" amalgamation. Each common share of Keto will be exchanged for 1.06552 common shares of the Company, with the effect that an aggregate of approximately 43,947,545 common shares of the Company will be issued to the former shareholders of Keto on closing.