PLANT VEDA FOODS LTD.

FINANCIAL STATEMENTS

For the years ended December 31, 2022 and 2021

(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Independent Auditor's Report

To the Shareholders of Plant Veda Foods Ltd.

Opinion

We have audited the financial statements of Plant Veda Foods Ltd. (the "Company"), which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, 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 position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the financial statements, which indicates that the Company has not achieved profitable operations and, as of December 31, 2022, had an accumulated losses of $10,175,025. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters, that in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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

May 4, 2023

PLANT VEDA FOODS LTD.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	December 31, 2022	December 31, 2021
ASSETS		
Current		
Cash	$ 73,617	$ 856,660
Accounts and other receivable – Note 5	135,725	108,992
Prepaid expenses and deposits – Note 10	139,505	252,171
Inventory – Note 6	110,797	62,018
	459,644	1,279,841
Property and equipment – Note 7	1,180,779	1,165,981
Right of use asset – Note 10	1,738,062	1,946,630
Total Assets	$ 3,378,485	$ 4,392,452
LIABILITIES		
Current		
Accounts payable and accrued liabilities – Notes 8 and 13	$ 676,577	$ 446,275
Convertible loan – current portion – Note 11	70,136	-
Due to related parties – Note 13	30,210	20,885
Lease liabilities – Note 10	145,155	123,190
	922,078	590,350
Lease liabilities – Note 10	1,765,318	1,910,473
CEBA loan – Note 9	34,782	30,246
Convertible loan – Note 11	857,070	-
Total Liabilities	3,579,248	2,531,069
SHAREHOLDERS' EQUITY		
Share capital – Note 12	7,454,563	6,684,420
Commitment to issue shares – Note 12	-	312,757
Reserves – Note 12	2,519,699	1,068,964
Deficit	(10,175,025)	(6,204,758)
Total Shareholders' Equity	(200,763)	1,861,383
Total Liabilities and Shareholders' Equity	$ 3,378,485	$ 4,392,452

Going Concern – Note 2
Subsequent Event – Note 19

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

"Sunny Gurnani" Director *"Geoff Balderson"* Director

See accompanying notes to the financial statements.

PLANT VEDA FOODS LTD.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

		Year ended December 31, 2022		Year ended December 31, 2021
Revenue – Note 17				
Sale of products	$	256,319	$	226,567
Services – co-packaging		52,309		-
Total revenue		308,628		226,567
Costs of goods sold – Note 3		337,101		210,680
Gross profit (loss)		(28,473)		15,887
Expenses				
Automotive and logistics		42,069		43,172
Depreciation – Notes 7 and 10		443,367		231,156
General and administrative		464,953		374,235
Marketing and investor relations		439,814		2,344,342
Professional fees – Note 13		449,138		837,707
Research and development		56,535		-
Share based compensation – Note 12		1,496,912		1,685,894
Wages and benefits – Note 13		875,073		435,049
		(4,267,861)		(5,951,555)
Loss before other expenses		(4,296,334)		(5,935,668)
Other income (expenses)				
Bad debt expense – Note 14		(3,208)		-
Other income – Notes 10 and 13		310,204		113,016
Income from government assistance – Note 15		354,403		19,315
Interest accretion – Notes 9 and 10		(358,341)		(196,977)
		303,058		(64,646)
Net loss before income tax		(3,993,276)		(6,000,314)
Deferred income tax recovery – Note 11		23,009		-
Net and comprehensive loss for the year	$	(3,970,267)	$	(6,000,314)
Loss per share - basic and diluted	$	(0.13)	$	(0.31)
Weighted average number of shares outstanding – basic and diluted		31,561,515		19,117,109

See accompanying notes to the financial statements.

PLANT VEDA FOODS LTD.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)

	Share capital						
	Issued Shares	**Amount**	**Commitment to Issue Shares**	**Special Warrants**	**Reserves**	**Accumulated Deficit**	**Total**
Balance, December 31, 2020	14,572,095	$ 250,090	$ -	$ -	$ -	$ (204,444)	$ 45,646
Special warrants issued	-	-	-	1,095,227	-	-	1,095,227
Share purchase warrants issued	-	-	-	-	909,435	-	909,435
Agent's warrants issued	-	-	-	-	70,956	-	70,956
Share-based compensation	-	-	-	-	791,609	-	791,609
Private placement	4,829,393	4,104,984	-	(1,062,785)	-	-	3,042,199
Share issue cost	-	(576,010)	-	(32,442)	-	-	(608,452)
Warrant exercise proceeds received not yet issued	-	-	312,757	-	-	-	312,757
Exercise of stock options	275,000	233,750	-	-	-	-	233,750
Exercise of warrants	9,842,848	1,968,570	-	-	-	-	1,968,570
Transfer of fair value on stock options exercised	-	122,026	-	-	(122,026)	-	-
Transfer of fair value on warrants exercised	-	581,010	-	-	(581,010)	-	-
Net and comprehensive loss	-	-	-	-	-	(6,000,314)	(6,000,314)
Balance, December 31, 2021	29,519,336	6,684,420	312,757	-	1,068,964	(6,204,758)	1,861,383
Private placement	432,692	225,000	-	-	-	-	225,000
Acquisition of Nora – Note 19	1,530,613	-	-	-	-	-	-
Exercise of stock options	20,000	25,875	-	-	(8,875)	-	17,000
Exercise of warrants	1,683,786	436,268	(312,757)	-	(99,511)	-	24,000
Convertible note	100,000	83,000	-	-	62,209	-	145,209
Share-based compensation	-	-	-	-	1,496,912	-	1,496,912
Net and comprehensive loss	-	-	-	-	-	(3,970,267)	(3,970,267)
Balance, December 31, 2022	33,286,427	$ 7,454,563	$ -	$ -	$ 2,519,699	$ (10,175,025)	$ (200,763)

See accompanying notes to the financial statements.

PLANT VEDA FOODS LTD.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year ended December 31, 2022	Year ended December 31, 2021
Operating Activities		
Net loss	$ (3,970,267)	$ (6,000,314)
Adjustments for items not involving cash		
Amortization and depreciation	469,220	231,156
Deferred income tax recovery	(23,009)	-
Income from government assistance	(354,403)	(19,315)
Interest accretion	125,155	196,977
Share based compensation	1,496,912	1,685,894
Changes in non-cash working capital balances related to operations:		
Accounts receivable	13,144	(95,207)
Prepaid expenses and deposits	112,666	(228,634)
Inventory	(48,779)	(42,010)
Accounts payable and accrued liabilities	141,561	432,628
Government assistance advance	314,526	-
Cash flows used in operating activities	(1,723,274)	(3,838,825)
Investing Activities		
Equipment purchase	(186,709)	(1,223,331)
Prepayments on right of use asset	-	(249,464)
Cash flows used in investing activities	(186,709)	(1,472,795)
Financing Activities		
Advances by (payments to) shareholders	9,325	(1,499)
CEBA loan	-	24,475
Lease payments	(123,190)	(29,348)
Proceeds from convertible loan, net	974,805	-
Proceeds from exercise of stock options	17,000	233,750
Proceeds from exercise of warrants	24,000	1,968,570
Proceeds from exercise of warrants not yet issued	-	312,197
Proceeds from private placement, net of issuance costs	225,000	2,537,705
Proceeds from issuance of warrants	-	15,150
Proceeds from issuance of special warrants net of issuance costs	-	1,062,785
Cash flows provided by financing activities	1,126,940	6,123,785
Increase in cash	(783,043)	812,165
Cash, beginning	856,660	44,495
Cash, ending	$ 73,617	$ 856,660
Supplemental cash flow information:		
Cash paid for interest	$ 233,187	$ -
Cash paid for income taxes	$ -	$ -
Equipment purchases in accounts payable	$ 85,218	$ -
Fair value of agent warrants issued	$ -	$ 70,956
Fair value of shares issued for convertible note	$ 83,000	$ -
Fair value of special stock options issued	$ 1,462,622	$ 791,609
Fair value of special warrants issued	$ -	$ 894,285
Fair value of restricted stock units issued	$ 34,290	$ -

See accompanying notes to the financial statements.

1. Nature of operations

Plant Veda Foods Ltd. (the "Company") was incorporated under the British Columbia Business Corporations Act on April 5, 2019 and its principal activity is a plant-based beverage and food company specializing in low-processed, all natural, nutritious, allergen free dairy alternatives. The Company trades on the Canadian Securities Exchange ("CSE") under the trading symbol "MILK".

The Company's head office is located at 14640 64 Ave, Unit 313, Surrey, British Columbia V3S 1X7. The Company's registered office is located at 1400—128 West Pender Street, Vancouver, BC V6B 1R8.

2. Basis of preparation

a) Statement of Compliance

These financial statements, including comparatives, 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 financial statements were authorized for issue by the Board of Directors on May 4, 2023.

b) Going Concern

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. As at December 31, 2022, the Company has not achieved profitable operations, has accumulated losses of $10,175,025 since inception and expects to incur further losses in the development of its business. The aforementioned conditions have resulted in material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations and management is intending to secure additional financing as may be required, there is no assurance it will be able to do so in the future. These financial statements do not include any adjustments that might result from the outcome of this uncertainty. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amount on its statement of financial position.

c) Basis of Measurement

The preparation of financial statements in compliance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. 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 revision affects both current and future periods. See Note 4 for use of estimates and judgments made by management in the application of IFRS.

The financial statements have been prepared on a historical cost basis, except for financial instruments measured at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The financial statements are presented in Canadian dollars which is the functional currency of the Company.

3. Summary of significant accounting policies

The accounting policies have been applied consistent throughout by the Company for purposes of these financial statements.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits with financial institutions, and other short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. As at December 31, 2022 and 2021, the Company did not have any cash equivalents.

Restricted cash

Restricted cash is comprised of cash escrowed or deposits at banks that are pledged to be spent towards initiatives with Protein Industries Canada Inc. in accordance with the master project agreement to develop and commercialize cost-effective oat concentrates. The restricted cash is reserved for payments towards wages and salaries, subcontracting costs, equipment, and material costs incurred by the Company for the project. See Note 15.

Financial instruments

Initial recognition and measurement

On initial recognition, all financial assets not classified at amortized cost or fair value through other comprehensive income (“FVOCI”) are measured at fair value through profit or loss (“FVTPL”). On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss; and
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

All financial instruments are initially recognized at fair value net of transaction costs that are directly attributable to its acquisition on the statement of financial position except for financial assets at FVTPL where transaction costs are expensed. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in net income (loss) for the period. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method.

The Company's financial instruments are classified as follows:

Financial Assets / Liabilities	**Classification and Measurement**
Cash	FVTPL
Restricted cash	FVTPL
Accounts and other receivables	Amortized cost
Accounts payable	Amortized cost
Due to related parties	Amortized cost
CEBA loan	Amortized cost
Convertible loan	Amortized cost

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for assets or liabilities that are not based on observable market data.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses ("ECL") model on financial assets that are measured at amortized cost. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company's receivables.

An 'expected credit loss' impairment model applies, which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable and due to related parties are classified under other financial liabilities and carried on the statement of financial position at amortized cost.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability is modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are recognized in profit or loss.

Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity in which case the related income tax is recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the end of the reporting period and any adjustments to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that such assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are presented as non-current.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities when they relate to income taxes levied by the same taxation authority and when the Company intends to settle its current tax assets and liabilities on a net basis.

Loss per Share

Loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the year. Diluted loss per share reflect the potential dilution of securities that could share in earnings of an entity. In a loss year, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive. Basic and diluted loss per share are the same for the years presented.

Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, stock options, share purchase warrants and flow-through shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Valuation of equity units issued in private placements

The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as private placement units. Under this method, the proceeds are allocated first to share capital based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the share-based payments reserve. The fair value of the common shares is based on the closing quoted bid price on the announcement date. Consideration received for the exercise of warrants is recorded in share capital and the related residual value in warrants reserve is transferred to share capital. For warrants that expired, the recorded value is transferred to deficit.

Share-based payments

The Company grants share options to acquire common shares of the company to directors, officers, employees, and consultants. The fair value of share-based payments to employees is measured at the grant date, using the Black-Scholes Option Pricing Model, and is recognized over the vesting period for employees using the graded vesting method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured, the share-based payment is measured at the fair value of the equity instruments issued using the Black-Scholes option pricing model.

For both employees and non-employees, the fair value of share-based payments is recognized as an expense with a corresponding increase in reserves. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Consideration received on the exercise of stock options is recorded in share capital and the related share-based payment in reserves is transferred to share capital. Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the medication, is also charged to profit or loss over the remaining vesting period.

When a grant of options is cancelled and settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest, except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense. The amounts recorded in reserves for unexercised share options are transferred from reserves to deficit upon their expiry or cancellation.

The Company grants RSUs to acquire common shares of the Company to directors, officers, employees, and consultants. The fair value of RSUs is measured at grant date, using the closing quoted bid price on the issuance date.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Inventory

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of purchase include the purchase price, import duties and non-recoverable taxes, and transport, handling and other costs directly attributable to the acquisition of finished goods, materials or services. The costs of conversion include direct material and labour costs, and a systematic allocation of fixed and variable overheads incurred in converting materials into finished goods.

Inventory consists primarily of raw materials, including packaging materials, and finished goods. Inventory is measured at lower of cost, determined on a weighted average basis, and net realizable value. Costs of raw materials include the purchased cost and the costs of finished goods includes costs of materials, labour and packing. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. If the Company determines that the estimated net realizable value of its inventory is less than the carrying value of such inventory, it records a charge to cost of sales.

Property and equipment

Property and equipment are stated at historical cost less accumulated amortization and accumulated impairment losses. Cost includes costs paid to acquire assets from third parties.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the statement of loss. Amortization is calculated on a straight-line basis as follows:

- Automotive – 5 years;
- Computer equipment – 3 years;
- Equipment – 5 years;
- Leasehold improvements and facility upgrade costs – Lease term;
- Office furniture – 5 years; and
- Right of use assets – Lease term.

Leases

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

The Company recognizes a lease liability and a right-of-use asset at the lease commencement date. The lease liability is initially measured as the present value of future lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's applicable incremental borrowing rate. The incremental borrowing rate is the rate which the Company would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the Company expects to exercise an option to terminate the lease.

The lease liability is subsequently measured by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

The right-of-use asset is initially measured at cost, which comprises the following:

- the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Company; and
- an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The right-of-use asset is subsequently measured at cost, less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. It is depreciated in accordance with the Company's accounting policy for property and equipment, from the commencement date to the earlier of the end of its useful life or the end of the lease term. Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to net earnings over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use assets are presented as property and equipment and the lease liabilities are presented as loans on the combined statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for the short-term leases that have a lease term of 12 months or less and recognizes the lease payments as an expense to profit or loss on a straight-line basis over the term of the lease. During the year ended December 31, 2022, $86,278 (2021 - $14,892) in rent expense is recorded in the statements of loss and comprehensive loss.

Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed for impairment whenever facts and circumstances suggest that the carrying amounts may not be recoverable. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable potential cash flow generating units ("CGU's"). The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use (being the present value of the expected future cash flows of the CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Non-financial assets that have been impaired in prior periods are tested for possible reversal of impairment whenever events or changes in circumstances indicate that the impairment has reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset in the prior periods. A reversal of an impairment loss is recognized in the statement of operations.

Government grant

Loans received from government grants are recognized initially at fair value, with the difference between the fair value of the loan based on prevailing market interest rates and the amount received recorded as income from government assistance in the statements of loss and comprehensive loss.

Revenue recognition

Revenue comprises the fair value of consideration received or receivable for the Company's revenue streams consisting of the sale of plant-based products and provision of co-packaging services. Revenue is presented in profit or loss net of return allowances and discounts.

To determine whether to recognize revenue, the Company follows a 5-step process:

a) Identifying the contract with a customer;
b) Identifying the performance obligations;
c) Determining the transaction price;
d) Allocating the transaction price to the performance obligations; and
e) Recognizing revenue when/as performance obligation(s) are satisfied.

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties. Revenue is recognized at a point in time when the Company satisfies performance obligations by transferring the promised goods or services to its customers.

The Company generates revenue from the sale of plant-based products to wholesalers and retail sales. Most of the Company's revenues have a single performance obligation, which is the promise to transfer the individual goods. The Company recognizes revenue from the sale of products upon shipment and when all significant contractual obligations have been satisfied and collection is reasonably assured. These criteria are generally met at the time the product leaves the Company's premises and at that point, control has passed to the customer. As the Company acts as the principal in the transaction, revenue is recognized on a gross basis. Revenue is measured based on the price specified in the Company's invoice provided to the customer. The Company does not have any multiple-element revenue arrangements. Revenue is presented net of discounts provided.

The Company also generates revenue through the provision of co-packaging services whereby the Company processes raw materials into finished goods and packages the products to be made available for sale for the third-party customer. The Company recognizes revenue from the provision of co-packing services once the finished goods are in sellable condition and made available for pickup by the customer. Revenue is measured based on the price specified in the Company's invoice provided to the customer. Revenue is presented net of discounts provided.

Cost of Goods Sold

Cost of sales for sales of products includes the expenses incurred to acquire and produce inventory for sale, including product costs, packaging costs and labour costs. In addition, cost of sales consists of provisions for reserves related to obsolete inventory, or lower of cost and net realizable value adjustments as required.

Cost of sales for co-packaging include labour costs required to process finished goods and package the item; no other costs are recognized as raw materials and packaging are provided by the customer.

New accounting pronouncements

Certain new standards, interpretations, and amendments to existing standards have been issued by the IASB or IFRC that are mandatory for accounting years beginning after January 1, 2023, or later years. New accounting pronouncements that are not applicable or are not consequential to the Company have been excluded in the preparation of these financial statements.

The following accounting standards and amendments are effective for future periods:

i. Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

   These amendments continue the IASB's clarifications on applying the concept of materiality. These amendments help companies provide useful accounting policy disclosures, and they include: requiring companies to disclose their material accounting policies instead of their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material. The IASB also amended IFRS Practice Statement 2 to include guidance and examples on applying materiality to accounting policy disclosures. These amendments are effective for reporting periods beginning on or after January 1, 2023.

ii. Classification of Liabilities as Current or Non-current (Amendments to IAS 1):

   The amendments to IAS 1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2023.

These new and amended standards are not expected to have a material impact on the Company's financial statements.

4. Use of estimates and judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgments

Management has made critical judgments in the process of applying accounting policies. The one has the most significant effect on the amounts recognized in the financial statements include:

i. The assessment of the Company's ability to continue as a going concern and its ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances. The factors considered by management are disclosed in Note 2 (b).

ii. Management is required to assess the functional currency of the Company. In concluding that the Canadian dollar is the functional currency of the Company, management considered the currency that mainly influences the operating expenditures in the jurisdiction in which the Company operates.

iii. The Company provides allowances for lifetime expected credit losses based on an assessment of the recoverability of account receivables. Allowances are applied to account receivables at initial recognition based on the probability of default by the customers. Management analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgment to evaluate the adequacy of the allowance for lifetime expected credit losses. Where the expectation is different from the original estimate, such difference will impact the carrying value of accounts receivable.

iv. The Company follows the asset and liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Deferred income tax assets, including the benefit of losses available to be carried forward to future years, and liabilities are recognized for temporary differences between the tax and accounting basis of assets and liabilities. Deferred tax assets are recognized only if it is probable that they can be realized.

v. The classification of financial instruments in accordance with IFRS 9.

vi. The assessment of revenue recognition using the five-step approach under IFRS 15.

(Expressed in Canadian Dollars)

Significant estimates

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the current and next fiscal financial years:

i. The Company determines its allowance for inventory obsolescence based upon expected inventory turnover, inventory aging, the expiry dates of the products, and current and future expectations with respect to product sales. Assumptions underlying the allowance for inventory obsolescence include future sales trends, marketing strategy and others. These estimates could materially change from period to period due to changes in various factors.

ii. The Company uses the Black-Scholes option pricing model to value options and warrants granted during the year. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates that are subjective and may not be representative of actual.

iii. The Company estimates a market interest rate in determining the fair value of its right-of-use assets. The determination of the market interest rate is subjective and could materially affect the fair value estimate.

5. Accounts and other receivable

	December 31, 2022	December 31, 2021
Accounts receivable	$ 130,005	$ 81,180
GST receivable	5,720	27,912
	$ 135,725	$ 108,992

6. Inventory

	December 31, 2022	December 31, 2021
Raw materials	$ 60,223	$ 27,229
Packaging	48,340	31,841
Finished goods	2,234	2,948
	$ 110,797	$ 62,018

During the year ended December 31, 2022, $187,381 (2021 - $125,192) of inventory was recognized in cost of goods sold.

(Expressed in Canadian Dollars)

7. Property and equipment

	Computer $	Equipment $	Automotive $	Leasehold Improvements $	Office Furniture $	Total $
Cost						
Balance, December 31, 2020	-	-	-	-	-	-
Additions	7,559	977,466	8,400	228,431	1,475	1,223,331
Balance, December 31, 2021	7,559	977,466	8,400	228,431	1,475	1,223,331
Additions	4,236	216,787	-	47,996	2,808	271,827
Balance, December 31, 2022	11,795	1,194,253	8,400	276,427	4,283	1,495,158
Accumulated Amortization						
Balance, December 31, 2020	-	-	-			-
Amortization	1,451	37,121	1,470	17,159	149	57,350
Balance, December 31, 2021	1,451	37,121	1,470	17,159	149	57,350
Amortization	3,383	195,449	1,680	55,988	529	257,029
Balance, December 31, 2022	4,834	232,570	3,150	73,147	678	314,379
Net Book Value						
At December 31, 2021	6,108	940,345	6,930	211,272	1,326	1,165,981
At December 31, 2022	6,961	961,683	5,250	203,280	3,605	1,180,779

During the year ended December 31, 2022, $13,886 (2021 - $Nil) of depreciation was recognized in cost of goods sold.

8. Accounts payable and accrued liabilities

	December 31, 2022	December 31, 2021
Accounts payable	$ 565,568	$ 368,679
Accrued liabilities	111,009	77,596
	$ 676,577	$ 446,275

9. CEBA loan

On May 13, 2020, the Company was approved and received a $40,000 line of credit ("CEBA loan") under the Canada Emergency Business Account ("CEBA") program funded by the Government of Canada. The CEBA loan is non-interest bearing and can be repaid without penalty at any time. On December 31, 2021, the outstanding balance on the CEBA loan will automatically convert to a 2-year interest free term loan ("CEBA term loan"). Subsequently, the 2-year interest free term was increased to 3 years. If 75% of the CEBA term loan on December 31, 2021 is repaid on or before December 31, 2023, the repayment of the remaining 25% shall be forgiven. If on December 31, 2023, the Company exercises the option for a 3-year term extension, interest of 5% per annum will apply to any remaining balance during the extension period.

The Company recorded the CEBA loan at fair value using an effective interest rate of 15%. The difference between the amount received and the fair value of the CEBA loan of $16,658 has been recorded as income from government assistance during the year ended December 31, 2020. During the month of January 2021, the Company applied for an additional $20,000 CEBA loan and received $24,475 in funding for a total of $60,000. The Company recorded the additional CEBA loan at fair value using the effective interest rate of 15%. The difference between the amount received and the fair value of the additional CEBA loan of $19,315 has been recorded as income from government assistance as at December 31, 2021.
As at December 31, 2022, the Company recorded interest accretion expense of $4,536 (December 31, 2021 – $4,938) , and the carrying value of the loan was $34,782 (December 31, 2021 – $30,246).

(Expressed in Canadian Dollars)

10. Right of use asset and lease liabilities

On March 5, 2021, the Company entered into a five-year lease agreement with a five-year renewal option for 15,381 square foot warehouse and production facility with 9,325 square feet of office space. On the commencement date of the lease, the Company prepaid $249,464 of rent which was capitalized to the right of use asset.

Right of use office lease		**December 31, 2022**		**December 31, 2021**
Balance, opening	$	1,946,630	$	-
Additions		-		2,120,436
Depreciation		(208,568)		(173,806)
Balance, ending	$	1,738,062	$	1,946,630

During the year ended December 31, 2022, $8,343 (2021 - $Nil) of depreciation was recognized in cost of goods sold. The lease liability was measured at the present value of the remaining lease payments with a ten-year lease term and discounted using the Company's incremental borrowing rate of 12% per annum. As at December 31, 2022, the remaining lease term is approximately 8.33 years. As the prepaid rent will be applied to the first seven months, the first lease payment was due on December 1, 2021.

Lease liabilities		**December 31, 2022**		**December 31, 2021**
Balance, opening	$	2,033,663	$	-
Lease liability addition		-		1,870,972
Lease payments		(356,377)		(29,348)
Interest accretion		233,187		192,039
Balance, ending	$	1,910,473	$	2,033,663
Current portion	$	145,155	$	123,190
Long Term		1,765,318		1,910,473
Balance, ending	$	1,910,473	$	2,033,663

The maturity analysis of the undiscounted contractual balances of the lease liabilities is as follows:

Maturity analysis		**December 31, 2022**
Less than one year	$	362,666
One to three years		1,104,768
Three to five years		704,368
Greater than five years		821,762
Total undiscounted lease liabilities		2,993,564
Amount representing implicit interest		(1,083,091)
Lease liabilities	$	1,910,473

(Expressed in Canadian Dollars)

As at December 31, 2022, the Company has two sublease agreements expiring on April 14, 2026 and June 30, 2024 with third parties to use a portion of the warehouse and office space in exchange for combined monthly payments of $21,175 and a portion of operating expenses. The Company has recognized this sublease agreement as an operating lease and recognized rental income of $233,986 (2021 - $105,920) as other income in the statement of loss and comprehensive loss.

The maturity analysis of the undiscounted contractual balances of the sublease payments is as follows:

Maturity analysis	**December 31, 2022**
Less than one year	$ 261,726
One to three years	353,770
Total undiscounted lease payments	$ 615,496

11. Convertible loan

On April 19, 2022, the Company entered into a convertible loan agreement for $1,000,000 bearing interest at a rate of 10% per annum that matures on April 22, 2024. The principal and accrued but unpaid interest is convertible into units of the Company. Each unit is comprised of one common share and one warrant, with each warrant exercisable at a price of $0.85 per share for a period of two years from the date of issuance. The conversion feature can be exercised by the loan holder on or before April 22, 2024. If the Company is in default of payments pursuant to the agreement, any outstanding principal will accrue interest at a rate of 20% per annum, compounding monthly.

As a result of the transaction, the Company issued 100,000 common shares with a fair value of $83,000 as finders' fees. The Company also incurred cash expenditures of $25,193 for legal and administrative costs associated with the transaction. The transaction cost was allocated to the debt component and the equity component of the convertible loan on a pro-rata basis of $97,855 and $10,339, respectively.

The loan's embedded conversion feature was determined to meet the definition of a compound financial instrument and the Company has assigned a fair value to the debt and any residual amounts are recorded as equity. The fair value of the debt component was measured using a discount rate of 15%. The fair value of the conversion feature was measured using the residual method and determined to be $95,557 and was recorded in reserves on the statement of financial position and reduced by the transaction cost of $10,339. The Company recognized a deferred income tax recovery on the equity component of the convertible loan of $23,009 on the statement of loss and comprehensive loss.

(Expressed in Canadian Dollars)

The borrowing amount of the convertible loan represents the debt element of the loan, without the conversion feature, recorded at its amortized cost as at December 31, 2022 using an effective interest rate of 20%. The current portion of the convertible loan represents accrued interest. The following table is a summary of the Company's debt and equity components of its convertible loan:

		December 31, 2022
Total proceeds received for convertible loan	$	**1,000,000**
Debt component		904,443
Equity component		95,557
Equity Component		
Balance, December 31, 2021 and 2020	$	-
Additions		95,557
Less: transaction costs		(10,339)
Less: DIT recovery		(23,009)
Balance, December 31, 2022	**$**	**62,209**
Debt Component		
Balance, December 31, 2021 and 2020	$	-
Additions		904,443
Less: transaction costs		(97,855)
Add: accretion expense		120,618
Balance, December 31, 2022	**$**	**927,206**
Current portion	**$**	**70,136**
Long Term	**$**	**857,070**
Balance, ending	**$**	**927,206**

12. Share capital

a) Authorized:

Unlimited voting common shares without par value.
Unlimited non-voting common shares without par value.
Unlimited preferred shares without par value.

b) Issued:

<u>During the year ended December 31, 2022</u>

On December 23, 2022, the Company issued 1,530,613 common shares with a fair value of $198,980 in accordance with the acquisition of Nora's Non-Dairy Ltd. that closed subsequently, on January 5, 2023 (Note 19). As at December 31, 2022, the shares are in escrow subject to release, therefore no fair value was recorded.

On April 22, 2022, the Company issued 432,692 units at a price of $0.52 for gross proceeds of $225,000. Each unit is comprised of one common share and one warrant, with each warrant exercisable at a price of $0.85 and expiring on April 22, 2024.

On April 22, 2022, the Company issued 100,000 common shares with a fair value of $83,000 as transaction costs for $1,000,000 convertible loan (Note 11).

During the year ended December 31, 2022, the Company issued 20,000 common shares for proceeds of $17,000 on the exercise of 20,000 stock options. The weighted average share price was $1.12 when the stock options were exercised, and the fair value of stock options of $8,875 was transferred from contributed surplus to share capital.

During the year ended December 31, 2022, the Company issued 1,683,786 common shares for proceeds of $336,757 on the exercise of 1,683,786 warrants. The weighted average share price was $1.14 when the warrants were exercised, and the fair value of warrants of $99,511 was transferred from contributed surplus to share capital.

<u>During the year ended December 31, 2021</u>

On June 15, 2021, 1,288,493 special warrants were converted into 1,288,493 units. Each unit is comprised of one common share and one-half warrant, exercisable into one common share at an exercise price of $2.50 and expiring on June 15, 2023.

On June 15, 2021, 3,540,900 subscription receipts were converted into 3,540,900 units. Each unit is comprised of one common share of the Company and one-half warrant, with each whole warrant exercisable into one common share of the Company at an exercise price of $2.50 and expiring on June 15, 2023.

On March 18, 2021, the Company completed a private placement of 3,540,900 subscription receipts at $0.85 per subscription receipts for gross proceeds of $3,009,765. Upon the Company's shares being listed, the subscription receipts will be automatically exchanged into one unit.

In connection with the subscription receipts financing on March 18, 2021, the Company paid $77,076 in agent's expenses and out-of-pocket costs, incurred $220,150 in legal costs, paid $174,826 in broker commissions, and issued agent warrants valued at $70,956 for total share issue costs of $543,008.

In connection with the subscription receipts, the Company issued 194,733 agent warrants exercisable at $1.25 for a period of two years from the date of issuance. The agents' warrants were determined to have a fair value of $70,956 using the Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate of 0.26%; dividend yield of 0%; annualized volatility of 100% and expected life of two years.

On February 3, 2021, the Company, issued 1,288,493 special warrants at a price of $0.85 per warrant for gross proceeds of $1,095,220. The special warrants will automatically convert into one unit upon the earlier of (i) four months and one day following the closing of the special warrant financing and (ii) two business days after the date on which the Company receives a receipt from the British Columbia Securities Commission on the Company's final long form prospectus. Each unit consists of one common share and one-half warrant.

Each warrant is exercisable into one common share at a price of $2.50 for a period of two year's following the conversion of the special warrants. The Company recorded $32,442 in share issue cost in connection with the issuance of the special warrants.

During the year ended December 31, 2021, the Company issued 275,000 common shares for proceeds of $233,750 on the exercise of 275,000 stock options and incurred share issue costs of $560. The weighted average share price was $1.61 when the stock options were exercised, and the fair value of stock options transferred from contributed surplus to share capital was $122,026.

(Expressed in Canadian Dollars)

During the year ended December 31, 2021, the Company issued 9,842,848 common shares for proceeds of $1,968,570 on the exercise of 9,842,848 warrants. The weighted average share price was $1.66 when the warrants were exercised, and the fair value of warrants transferred from contributed surplus to share capital on the exercise of warrants was $581,010. The Company also received proceeds of $312,757 pursuant to a warrant exercise where common shares were issued subsequent to year-end.

c) Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Year Ended December 31, 2022		**Year Ended December 31, 2021**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning	7,721,855	$ 0.92	-	$ -
Issued	432,692	$ 0.85	17,564,703	$ 0.52
Exercised	(1,683,786)	$ 0.20	(9,842,848)	$ 0.20
Outstanding, ending	6,470,761	$ 1.10	7,721,855	$ 0.92

The following warrants were outstanding and exercisable at December 31, 2022:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding	Exercisable
June 15, 2023	0.45	$ 2.50	2,414,703	2,414,703
June 21, 2023	0.47	$ 0.20	3,623,366	3,623,366
April 22, 2024	1.31	$ 0.85	432,692	432,692
	0.52		6,470,761	6,470,761

d) Agent Warrants

Agent warrant transactions and the number of agent warrants outstanding are summarized as follows:

	Year Ended December 31, 2022		**Year Ended December 31, 2021**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning	194,733	$ 1.25	-	$ -
Issued	-	$ -	194,733	$ 1.25
Outstanding, ending	194,733	$ 1.25	194,733	$ 1.25

The following agent warrants were outstanding and exercisable:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding	Exercisable
March 19, 2023	0.21	$ 1.25	194,733	194,733
	0.21		194,733	194,733

(Expressed in Canadian Dollars)

The Company applies the fair value method using the Black-Scholes Option Pricing Model in accounting for its agent warrants granted. During the year ended December 31, 2022, Nil (year ended December 31, 2021 – 194,733) agent warrants were issued with a fair value of $Nil (year ended December 31, 2021 – $70,956).

The fair value of agent warrants issued was calculated using the following weighted average assumptions:

	Year Ended December 31, 2022	**Year Ended December 31, 2021**
Expected life (years)	-	2
Risk-free interest rate	-	0.26%
Annualized volatility*	-	100%
Dividend yield	-	0.00%
Stock price at issue date	-	$0.85
Exercise price	-	$1.25
Weighted average issue date fair value	-	$0.36

*The annualized volatility was determined using the average of three comparable entities' historical volatility in share price.

e) Stock Options

The Company has adopted a new Omnibus Equity Incentive Plan (the "Omnibus Plan") in August 2021 that supersedes the 2021 stock option plan, which allows the Company to grant incentive stock options, restricted share units, deferred share units, performance share units, and other share-based awards (the "Omnibus Plan Awards") to directors, officers, employees, and consultants. Under the plan, the aggregate number of common shares that may be subject to the Omnibus Plan Awards may not exceed 20% of the issued common shares of the Company as of the date of grant, including options granted prior to the adoption of the plan. Omnibus Plan Awards terms are determined by the Board of Directors and vest when granted unless otherwise specified by the Board.

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Year Ended December 31, 2022		**Year Ended December 31, 2021**	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning	1,497,500	$ 0.86	-	$ -
Issued	3,130,000	$ 0.85	1,772,500	$ 0.86
Exercised	(20,000)	$ 0.85	(275,000)	$ 0.85
Outstanding, ending	4,607,500	$ 0.85	1,497,500	$ 0.86

The following stock options were outstanding and exercisable at December 31, 2022:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding	Exercisable
May 31, 2023	0.41	$ 0.85	1,467,500	1,467,500
July 20, 2023	0.55	$ 1.81	10,000	10,000
February 28, 2024	1.16	$ 0.85	2,130,000	2,130,000
February 28, 2025	2.16	$ 0.85	1,000,000	1,000,000
	1.14		4,607,500	4,607,500

(Expressed in Canadian Dollars)

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its stock options granted to employees, directors, and consultants. During the year ended December 31, 2022, 3,130,000 (year ended December 31, 2021 – 1,772,500) stock options were issued with a fair value of $1,462,622 (year ended December 31, 2021 – $791,609). The stock options are fully vested upon grant.

The fair value of stock options issued was calculated using the following weighted average assumptions:

	Year ended December 31, 2022	**Year Ended December 31, 2021**
Expected life (years)	2 – 3	2
Risk-free interest rate	1.47%	0.32%
Annualized volatility*	100%	100%
Dividend yield	0.00%	0.00%
Stock price at issue date	$0.85	$0.86
Exercise price	$0.85	$0.86
Weighted average issue date fair value	$0.47	$0.45

*The annualized volatility was determined using the average of three comparable entities' historical volatility in share price.

f) Performance Warrants

On February 3, 2021, the Company issued 6,000,000 performance warrants to management and directors. 1,000,000 performance warrants are exercisable into one common share for five years at an exercise price of $0.02 upon the Company reaching cumulative gross revenue from sales of $15,000,000 on or prior to February 3, 2031. 3,000,000 performance warrants are exercisable into one common share for five years at an exercise price of $0.02 upon the Company reaching cumulative gross revenue from sales of $50,000,000 on or prior to February 3, 2031. 2,000,000 performance warrants are exercisable into one common share for five years at an exercise price of $0.02 upon the Company reaching cumulative gross revenue from sales of $75,000,000 on or prior to February 3, 2031. The Company recorded $Nil in share-based compensation in relation to the performance warrants as the Company determined the likelihood of reaching the performance targets to be remote.

g) Restricted Stock Units

The Company's Omnibus Plan provides incentive restricted share units ("RSUs") to directors, officers, employees, and consultants. The RSUs generally vest from one year and up to three years on the anniversary date from the date of grant, subject to other such vesting schedules or conditions as determined by the Board of Directors.

On February 28, 2022, the Company issued 79,000 restricted stock unit awards. These restricted stock unit awards vest in three tranches every twelve months from the date of issuance until February 28, 2025. As at December 31, 2022, the Company recorded share-based compensation of $34,290 related to the vesting of the restricted stock units.

	Year ended December 31, 2022		**Year Ended December 31, 2021**	
	Number of RSUs	Average Price	Number of RSUs	Average Price
Outstanding, beginning	-	$ -	-	$ -
Issued	79,000	$ 0.85	-	$ -
Outstanding, ending	79,000	$ 0.85	-	$ -

(Expressed in Canadian Dollars)

13. Related party transactions

Key management compensation

Related party transactions not otherwise described in these financial statements are shown below.

The remuneration of the Company's directors and other members of key management, individuals who have the authority and responsibility for planning, directing, and controlling the activities of the Company, and their affiliated companies for the year ended December 31, 2022, and year ended December 31, 2021 are as follows:

	Year ended December 31, 2022	Year Ended December 31, 2021
Rent	$ -	$ 13,500
Professional fees	115,000	157,500
Wages and benefits	224,461	225,615
Share-based compensation	-	324,809
	$ 337,461	$ 721,424

Key management personnel consist of the CEO, CFO, and the President of the Company. During the year ended December 31, 2022, the Company paid consulting fees of $115,000 (December 31, 2021 – $157,500) to key management personnel.

Accounts payable and accrued liabilities at December 31, 2022 includes $81,375 (December 31, 2021 – $44,317) owed to a director and officers of the Company for unpaid consulting fees and $Nil (December 31, 2021 – $4,815) owed to a company controlled by a former director of the Company. Accounts payable at December 31, 2022 includes $437 (December 31, 2021 – receivable of $8,222) due from a company controlled by a former director of the Company. At December 31, 2022, the Company had advances of $43,191 (December 31, 2021 – $15,442) due to current directors and officers of the Company. The advances are non-interest bearing, unsecured and due on demand.

On September 28, 2022, the Company entered into an agreement to provide software consulting services to a third-party. These services were provided through the expertise of the Company's CEO and income is recognized by the Company on a monthly basis once the services have been provided. As at December 31, 2022, the Company recognized software service income of $53,612, which is recognized as other income on the statement of loss and comprehensive loss.

14. Financial instruments

The carrying amounts of cash, accounts receivable, accounts payable and accrued liabilities, and due to related parties approximate their fair values due to their short-term nature.

The carrying value of the CEBA loan is not significantly different than its fair value.

The carrying value of the convertible loan is recognized at the present value of the debt component discounted using a rate of 15%. Accretion expense is recognized in profit or loss to increase the present value to the face value of the convertible loan on the maturity date.

(Expressed in Canadian Dollars)

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. The Company provides credit to its clients in the normal course of operations. It carries out, on a continuing basis, credit checks on its clients and maintains provisions for contingent losses. The Company's maximum exposure to credit risk is the carrying amounts of cash and accounts receivable on the statements of financial position.

Accounts receivable primarily consist of trade receivables. The Company provides credit to very limited customer base in the normal course of business and has established credit evaluation via an active direct consultation with its customers to mitigate credit risk. Accounts receivable are shown net of any provision made for impairment of receivables. Due to this factor, the Company believes that no additional credit risk, beyond amounts provided for collection loss, is inherent in accounts receivable.

Expected credit loss ("ECL") analysis is performed at each reporting date using an objective approach to measure expected credit losses. The provision amounts are based on direct management interface with the customer. The calculations reflect the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions. Accounts receivable are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, business failure, the failure of a debtor to engage in a repayment plan, and a failure to make contractual payments over the negotiated contract period.

The aging analysis of accounts receivable is as follows:

	December 31, 2022	**December 31, 2021**
Current to 3 months	$ 110,959	$ 63,526
Over 3 months	22,254	17,654
Less: allowance for doubtful accounts	(3,208)	-
Trade receivables	$ 130,005	$ 81,180

b) Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due. As at December 31, 2022, the Company has working capital deficiency of $462,434. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. The Company may seek additional financing through equity and debt offerings and advances from related parties, but there can be no assurance that such financing will be available on terms acceptable to the Company.

c) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is not exposed to significant risks associated with the effects of fluctuations in the prevailing levels of market interest rates.

(Expressed in Canadian Dollars)

15. Government assistance advance

On March 28, 2022, the Company entered into a master project agreement with Protein Industries Canada Inc. ("PIC"), Avena Foods Ltd., HPP Canada, and Thirstea Beverages Ltd. to develop and commercialize cost-effective oat concentrates. These oat concentrates will then be used to make new plant-based food and beverage products. In connection with the project, the Company received an initial advance of $300,845 from PIC as a funding contribution for efforts expended towards advancing the project. After the advance had been fully expended, the Company applies on an ongoing basis for project cost reimbursements from PIC in accordance with the agreement. During the year ended December 31, 2022, the Company has utilized all of the initial advance and has been approved for a cost reimbursement for total government assistance advances of $340,722. As at December 31, 2022, the Company has recognized other receivables of $39,877 from PIC, which is included in the balance of the Company's recognition of income from government assistance.

In addition, the Company received $13,681 from Youth Empowering grant from Agriculture and Agri-Food Canada

16. Management of capital

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its business and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' deficit, as well as cash.

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 new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash.

The Company is not subject to any external capital requirements. There were no changes to the Company's approach to capital management during the year ended December 31, 2022.

17. Major customers

Major customers are defined as customers that each individually account for greater than 10% of the Company's revenues. For the year ended December 31, 2022, and year ended December 31, 2021, the following revenue was recorded from major customers comprising 28% (2021 – 69%) of gross revenues:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Customer A	$ -	$ 19,680
Customer B	$ 35,467	$ 54,607
Customer C	$ 52,448	$ 81,020

(Expressed in Canadian Dollars)

18. Income taxes

Income tax expense differs from the amount that would result from applying Canadian federal and provincial income tax rates to earnings before income taxes. A reconciliation of income taxes at statutory rates with reported taxes is as follows:

		December 31, 2022		**December 31, 2021**
Income (loss) before income taxes		(3,993,276)		(6,000,314)
Statutory income tax rate		27%		27%
Income tax benefit computed at statutory tax rate	$	(1,078,000)	$	(1,620,000)
Non-deductible expenditures		403,991		455,000
Adjustment to prior years provision versus statutory tax		104,000		-
Other		50,000		(155,000)
Unrecognized benefit of deferred income tax assets		497,000		1,320,000
Income tax expense (recovery)	$	(23,009)	$	-

The significant components of the Company's unrecognized temporary differences at December 31, 2022, and 2021 are presented below:

		December 31, 2022		**December 31, 2021**
Equipment	$	85,000	$	16,000
Convertible loan		14,000		-
Non-capital losses carried forward		1,675,000		1,199,000
Right-of-use assets		43,000		24,000
Share issuance costs		55,000		136,000
		1,872,000		1,375,000
Unrecognized temporary differences		(1,872,000)		(1,375,000)
Net temporary differences	$	-	$	-

The Company has non-capital losses of approximately $6,205,000 available for carry-forward to reduce future years' income for income tax purposes, expiring from 2039 to 2042.

19. Subsequent event

On December 14, 2022, the Company signed a share purchase agreement to acquire 100% of the issued and outstanding shares of Nora's Non Dairy Ltd. ("Nora's"), which is an entity that produces and sells plant-based ice cream. In advance of the closing of the transaction on December 23, 2022, the Company issued 1,530,613 common shares with a fair value of $237,245 as consideration that vest 33.33% each year over three years, which are held in escrow. The transaction closed on January 5, 2023.

As at the date of acquisition, the Company determined that Nora's constituted a business as defined under IFRS 3, *Business Combinations,* and the acquisition was accounted for as a business combination. The consideration paid was recognized at the fair value of the common shares of the Company at a price of $0.155 per share.

As at the date of these financial statements, the preliminary purchase price allocation was impracticable to prepare as the accounting records of Nora's were still subject to review.