PLANT VEDA FOODS LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2023 and 2022

(Unaudited – Expressed in Canadian Dollars)

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

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company for the six months ended June 30, 2023 have been prepared by and are the responsibility of the Company's management and have not been reviewed by the Company's auditors.

PLANT VEDA FOODS LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	June 30, 2023	December 31, 2022
ASSETS		
Current		
Cash	$ 19,404	$ 73,617
Accounts and other receivable – Note 6	241,935	135,725
Prepaid expenses and deposits – Note 11	44,083	139,505
Inventory – Note 7	203,788	110,797
	509,210	459,644
Goodwill – Note 5	229,906	-
Property and equipment – Note 8	1,033,495	1,180,779
Right of use asset – Note 11	1,633,778	1,738,062
Total Assets	$ 3,406,389	$ 3,378,485
LIABILITIES		
Current		
Accounts payable and accrued liabilities – Notes 9 and 14	$ 1,037,749	$ 676,577
Convertible loan – current portion – Note 12	119,726	70,136
Due to related parties – Note 14	43,926	30,210
Lease liabilities – Note 11	157,142	145,155
Loan payable – Note 5	129,667	-
	1,488,210	922,078
Lease liabilities – Note 11	1,683,933	1,765,318
CEBA loan – Note 10	37,279	34,782
Convertible loan – Note 12	903,382	857,070
Total Liabilities	4,112,804	3,579,248
SHAREHOLDERS' EQUITY		
Share capital – Note 13	7,653,543	7,454,563
Reserves – Note 13	2,608,407	2,519,699
Deficit	(10,968,365)	(10,175,025)
Total Shareholders' Equity	(706,415)	(200,763)
Total Liabilities and Shareholders' Equity	$ 3,406,389	$ 3,378,485

Going Concern – Note 2

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:

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

See accompanying notes to the condensed interim consolidated financial statements.

PLANT VEDA FOODS LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Three Months Ended June 30,		Six months ended June 30	
	2023	**2022**	**2023**	**2022**
Revenue – Note 18				
Sale of products	$ 359,754	$ 66,131	$ 574,397	$ 108,336
Costs of goods sold – Note 3	295,989	66,770	431,397	109,856
Gross profit (loss)	63,765	(639)	143,000	(1,520)
Expenses				
Automotive and logistics	12,178	8,937	21,434	25,532
Depreciation – Notes 8 and 11	106,320	105,577	214,320	196,853
General and administrative	131,592	149,955	224,762	347,913
Marketing and investor relations	10,881	34,673	22,327	381,512
Professional fees – Note 14	18,756	143,061	108,386	292,976
Research and development	12,324	-	52,109	-
Selling expense	24,064	-	42,290	-
Share based compensation – Note 13	59,008	192,814	88,708	1,346,499
Wages and benefits – Note 14	123,568	242,490	328,665	474,966
	(498,691)	(877,507)	(1,103,001)	(3,066,251)
Loss before other expenses	(434,926)	(878,146)	(960,001)	(3,067,771)
Other income (expenses)				
Bad debt expense – Note 15	990	-	990	-
Deferred income tax recovery – Note 12	-	9,126	-	9,126
Income from government assistance – Note 16	21,347	108,484	112,109	122,165
Interest accretion – Notes 10, 11 and 12	(105,607)	(91,036)	(209,286)	(151,723)
Other income – Notes 11 and 14	131,714	80,797	262,848	113,816
	48,444	107,371	166,661	93,384
Net and comprehensive loss for the year	$ (386,482)	$ (770,775)	$ (793,340)	$ (2,974,387)
Loss per share - basic and diluted	$ (0.01)	$ (0.02)	$ (0.02)	$ (0.10)
Weighted average number of shares outstanding – basic and diluted	33,286,427	31,601,976	33,286,427	31,296,343

See accompanying notes to the condensed interim consolidated financial statements.

PLANT VEDA FOODS LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the six months ended June 30, 2023 and 2022
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Share capital Issued Shares	Amount	Commitment to Issue Shares	Reserves	Accumulated Deficit	Total
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
Exercise of stock options	20,000	17,000	-	-	-	17,000
Exercise of warrants	1,683,786	336,757	(312,757)	-	-	24,000
Convertible note – Note 12	100,000	83,000	-	24,675	-	107,675
Share-based compensation	-	-	-	1,346,499	-	1,346,499
Transfer of fair value on stock options exercised	-	8,875	-	(8,875)	-	-
Transfer of fair value on warrants exercised	-	99,511	-	(99,511)	-	-
Net and comprehensive loss	-	-	-	-	(2,974,387)	(2,974,387)
Balance, June 30, 2022	31,755,814	$ 7,454,563	$ -	$ 2,331,752	$ (9,179,145)	$ 607,170
Balance, December 31, 2022	**33,286,427**	**7,454,563**	**-**	**2,519,699**	**(10,175,025)**	**(200,763)**
Acquisition of Nora – Note 5	-	198,980	-	-	-	198,980
Share-based compensation	-	-	-	88,708	-	88,708
Net and comprehensive loss	-	-	-	-	(793,340)	(793,340)
Balance, June 30, 2023	**33,286,427**	**$ 7,653,543**	**$ -**	**$ 2,608,407**	**$ (10,968,365)**	**$ (706,415)**

See accompanying notes to the condensed interim consolidated financial statements.

PLANT VEDA FOODS LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

		Six months ended June 30, 2023		Six months ended June 30, 2022
Operating Activities				
Net loss	$	(793,340)	$	(2,974,387)
Adjustments for items not involving cash				
Amortization and depreciation		254,488		196,853
Deferred income tax recovery		-		(9,126)
Interest accretion		209,286		151,723
Share based compensation		88,708		1,346,499
Changes in non-cash working capital balances related to operations:				
Accounts receivable		(79,450)		11,686
Prepaid expenses and deposits		95,422		19,737
Inventory		(26,130)		(30,121)
Accounts payable and accrued liabilities		354,105		211,861
Government assistance advance		-		(108,485)
Cash flows used in operating activities		103,089		(1,183,759)
Investing Activities				
Cash acquired on acquisition		12,187		-
Equipment purchase		(2,920)		(141,955)
Intangible asset expenditures		-		(10,430)
Cash flows used in investing activities		9,267		(152,385)
Financing Activities				
Advances by (payments to) shareholders		13,716		(772)
Government assistance advance received		-		256,354
Lease payments		(180,285)		(177,140)
Proceeds from convertible loan		-		974,806
Proceeds from exercise of stock options		-		17,000
Proceeds from exercise of warrants		-		24,000
Proceeds from private placement, net of issuance costs		-		225,000
Cash flows spent in financing activities		(166,569)		1,319,248
Increase (decrease) in cash		(54,213)		(16,896)
Cash, beginning		73,617		856,660
Cash, ending	$	19,404	$	839,764
Cash is comprised of:				
Cash	$	19,404	$	691,895
Restricted cash		-		147,869
	$	19,404	$	839,764
Supplemental cash flow information:				
Cash paid for interest	$	-	$	-
Cash paid for income taxes	$	-	$	-
Non-cash investing and financing activities:				
Equity portion of convertible note	$	-	$	33,801
Fair value of shares issued for convertible note	$	-	$	83,000
Fair value of stock options issued	$	21,377	$	1,339,810
Fair value of restricted stock units issued	$	667,331	$	6,689
Fair value transferred on exercise of stock options	$	-	$	8,875
Fair value transferred on exercise of warrants	$	-	$	99,511

See accompanying notes to the condensed interim consolidated 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 condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), and in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting.*

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on August 29, 2023.

b) Going Concern

These condensed interim consolidated 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 June 30, 2023, the Company has not achieved profitable operations, has accumulated losses of $10,968,365 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 condensed interim consolidated 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 condensed interim consolidated 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 condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at their fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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

3. Summary of significant accounting policies

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements for the year ended December 31, 2022. The accompanying unaudited condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2022.

4. Use of estimates and judgments

The preparation of these condensed interim consolidated 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 condensed interim consolidated financial statements and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed interim consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed interim consolidated 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 condensed interim consolidated 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.

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.

(Expressed in Canadian Dollars)

5. Acquisitions

Nora's Non-Dairy Ltd.

On January 5, 2023, the Company completed the acquisition of 100% of the issued and outstanding share capital of Nora's Non-Dairy Ltd. ("Nora's") through the issuance of 1,530,613 common shares to Nora's shareholders. The common shares issued to Nora's shareholders are subject to an escrow release schedule over a period of three years.

At the date of acquisition, the Company determined that Nora's constituted a business as defined under IFRS 3, *Business Combinations*, and the Nora's acquisition was accounted for as a business combination under the acquisition method. The consideration paid was recognized at the fair value of the common shares of the Company at a price of $0.13 per share based on the issuance date of December 23, 2022.

As a result of the acquisition, intangible assets were identified that met the recognition criteria under IFRS; therefore, the Company recognized the fair value of the intangible assets received and the remaining excess of the consideration paid over the fair value of the assets and liabilities assumed was capitalized as goodwill. Goodwill is recognized as a result of expected synergies between the product offering being developed by the Company's product development activities and the expertise of management in the development of food and beverage products.

The following table shows the preliminary allocation of the purchase price to the fair value of the assets acquired and liabilities assumed, based on the estimated fair value, including a summary of the identifiable classes of considered transferred, and amounts by category of assets acquired and liabilities assumed at the acquisition date:

Consideration:		
Fair value of 1,530,613 common shares at $0.13 per share	$	198,980
Total consideration		198,980
Fair value of net assets acquired:		
Cash		12,187
Amounts receivable		26,760
Inventory		66,861
Goodwill		229,906
Accounts payable and accrued liabilities		(8,567)
Loan payable		(128,167)
Total assets	**$**	**198,980**

(Expressed in Canadian Dollars)

6. Accounts and other receivable

	June 30, 2023	December 31, 2022
Accounts receivable	$ 231,751	$ 130,005
PIC receivable	-	-
GST receivable	10,184	5,720
	$ 241,935	$ 135,725

7. Inventory

	June 30, 2023	December 31, 2022
Raw materials	$ 45,143	$ 60,223
Packaging	80,997	48,340
Finished goods	77,648	2,234
	$ 203,788	$ 110,797

During the six months ended June 30, 2023, $231,165 (December 31, 2022 - $187,381) of inventory was recognized in cost of goods sold.

8. Property and equipment

	Computer $	Equipment $	Automotive $	Leasehold Improvements $	Office Furniture $	Total $
Cost						
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
Additions	-	2,920	-	-	-	2,920
Balance, June 30, 2023	11,795	1,197,173	8,400	276,427	4,283	1,498,078
Accumulated Amortization						
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
Amortization	1,966	117,030	840	29,940	428	150,204
Balance, June 30, 2023	6,800	349,600	3,990	103,087	1,106	464,583
Net Book Value						
At December 31, 2022	6,961	961,683	5,250	203,280	3,605	1,180,779
At June 30, 2023	4,995	847,573	4,410	173,340	3,177	1,033,495

During the six months ended June 30, 2023, $40,168 (year ended December 31, 2022 - $13,886) of depreciation was recognized in cost of goods sold.

9. Accounts payable and accrued liabilities

	June 30, 2023	December 31, 2022
Accounts payable	$ 870,067	$ 565,568
Accrued liabilities	167,682	111,009
	$ 1,037,749	$ 676,577

(Expressed in Canadian Dollars)

10. 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 June 30, 2023, the Company recorded interest accretion expense of $2.496 (December 31, 2022 – $4,536) , and the carrying value of the loan was $37,279 (December 31, 2022 – $34,782).

11. 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	**June 30, 2023**	**December 31, 2022**
Balance, opening	$ 1,738,062	$ 1,946,630
Additions	-	-
Depreciation	(104,284)	(208,568)
Balance, ending	$ 1,633,778	$ 1,738,062

During the six months ended June 30, 2023, $40,168 (2022 - $8,343) 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 June 30, 2023, the remaining lease term is approximately 7.84 years. As the prepaid rent will be applied to the first seven months, the first lease payment was due on December 1, 2021.

(Expressed in Canadian Dollars)

Lease liabilities		**June 30, 2023**		**December 31, 2022**
Balance, opening	$	1,910,473	$	2,033,663
Lease liability addition		-		-
Lease payments		(180,285)		(356,377)
Interest accretion		110,887		233,187
Balance, ending	$	1,841,075	$	1,910,473
Current portion	$	157,142	$	145,155
Long Term		1,683,933		1,765,318
Balance, ending	$	1,841,075	$	1,910,473

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

Maturity analysis		**June 30, 2023**
Less than one year	$	365,810
One to three years		1,097,431
Three to five years		704,368
Greater than five years		645,671
Total undiscounted lease liabilities		2,813,280
Amount representing implicit interest		(972,205)
Lease liabilities	$	1,841,075

As at June 30, 2023, 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 $192,237 (year ended December 31, 2022 - $233,986) 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		**June 30, 2023**
Less than one year	$	268,122
One to three years		219,028
Total undiscounted lease payments	$	487,150

12. 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.

(Expressed in Canadian Dollars)

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.

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:

		June 30, 2023
Total proceeds received for convertible loan	**$**	**1,000,000**
Debt component		904,443
Equity component		95,557
<u>Equity Component</u>		
Balance, December 31, 2021 and 2020	**$**	-
Additions		95,557
Less: transaction costs		(10,339)
Less: DIT recovery		(23,009)
Balance, December 31, 2022 and June 30, 2023	**$**	**62,209**
<u>Debt Component</u>		
Balance, December 31, 2021 and 2020	**$**	-
Additions		904,443
Less: transaction costs		(97,855)
Add: accretion expense		120,618
Balance, December 31, 2022	**$**	**927,206**
Add: accretion expense		95,902
Balance, June 30, 2023	**$**	**1,023,108**
Current portion	**$**	**119,726**
Long Term	**$**	**903,382**
Balance, ending	**$**	**1,023,108**

13. 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 six months ended June 30, 2023</u>

There were no share capital issuances during the six months ended June 30, 2023.

Pursuant to the release of shares issued to Nora's Non-Dairy Ltd. commencing on January 5, 2023, the Company recorded the fair value of 1,530,613 issued on December 23, 2022 for a fair value of $198,980.

<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 on January 5, 2023. 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 six months ended June 30, 2023, 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 six months ended June 30, 2023, 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.

(Expressed in Canadian Dollars)

c) Warrants

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

	Six Months Ended June 30, 2023		**Year Ended December 31, 2022**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning	6,470,761	$ 1.10	-	$ -
Issued	-	$ -	17,564,703	$ 0.52
Expired	(6,038,069)	$ 1.12	-	$ -
Exercised	-	$ -	(9,842,848)	$ 0.20
Outstanding, ending	432,692	$ 0.85	7,721,855	$ 0.92

The following warrants were outstanding and exercisable at June 30, 2023:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding	Exercisable
April 22, 2024	0.81	$ 0.85	432,692	432,692
	0.81		432,692	432,692

d) Agent Warrants

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

	Six Months Ended June 30, 2023		**Year Ended December 31, 2022**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning	194,733	$ 1.25	194,733	$ 1.25
Expired	(194,733)	$ 1.25	-	$ -
Outstanding, ending	-	$ -	194,733	$ 1.25

(Expressed in Canadian Dollars)

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:

	Six Months Ended June 30, 2023		**Year Ended December 31, 2022**	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning	4,607,500	$ 0.85	1,497,500	$ 0.86
Issued	-	$ -	3,130,000	$ 0.85
Cancelled/forfeited	(5,000)	$ 0.85	-	$ -
Exercised	-	$ -	(20,000)	$ 0.85
Expired	(1,467,500)	$ 0.85	-	$ -
Outstanding, ending	3,135,000	$ 0.85	4,607,500	$ 0.85

The following stock options were outstanding and exercisable at June 30, 2023:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding	Exercisable
July 20, 2023	0.05	$ 1.81	10,000	10,000
February 28, 2024	0.67	$ 0.85	2,125,000	2,125,000
February 28, 2025	1.67	$ 0.85	1,000,000	1,000,000
	0.98		3,135,000	3,135,000

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 six months ended June 30, 2023, $Nil (year ended December 31, 2022 – 3,130,000) stock options were issued or vested with a fair value of $21,377 (year ended December 31, 2022 – $1,462,622). The stock options are fully vested upon grant.

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

	Six Months Ended June 30, 2023	**Year ended December 31, 2022**
Expected life (years)	-	2 – 3
Risk-free interest rate	-	1.47%
Annualized volatility*	-	100%
Dividend yield	-	0.00%
Stock price at issue date	-	$0.85
Exercise price	-	$0.85
Weighted average issue date fair value	-	$0.47

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

(Expressed in Canadian Dollars)

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 June 30, 2023, the Company recorded share-based compensation of $12,972 (year ended December 31, 2022 – $34,290) related to the vesting of the restricted stock units.

On May 2, 2023, the Company issued 1,811,960 restricted stock unit awards. These restricted stock unit awards are fully vested upon grant. As at June 30, 2023, the Company recorded share-based compensation of $54,359 (year ended December 31, 2022 – $Nil) related to the vesting of the restricted stock units.

	Six Months Ended June 30, 2023		**Year ended December 31, 2022**	
	Number of RSUs	Average Price	Number of RSUs	Average Price
Outstanding, beginning	79,000	$ 0.85	-	$ -
Issued	1,811,960	$ 0.03	79,000	$ 0.85
Outstanding, ending	1,890,960	$ 0.06	79,000	$ 0.85

(Expressed in Canadian Dollars)

14. Related party transactions

Key management compensation

Related party transactions not otherwise described in these condensed interim consolidated 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 six months ended June 30, 2023, and year ended December 31, 2022 are as follows:

	Six Months Ended June 30, 2023	Year ended December 31, 2022
Professional fees	$ 30,000	$ 115,000
Wages and benefits	84,000	224,461
Share-based compensation	28,849	-
	$ 142,849	$ 337,461

Key management personnel consist of the CEO, CFO, and the President of the Company. During the six months ended June 30, 2023, the Company incurred consulting fees of $30,000 (December 31, 2022 – $115,000) to key management personnel.

Accounts payable and accrued liabilities at June 30, 2023, includes $160,571 (December 31, 2022 – $81,375) owed to a director and officers of the Company for unpaid consulting fees and $Nil (December 31, 2022 – $Nil) owed to a company controlled by a former director of the Company.

At June 30, 2023, the Company had advances of $32,718 (December 31, 2022 – $30,210) 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 June 30, 2023, the Company recognized software service income of $46,129 (December 31, 2022 – $53,612), which is recognized as other income on the statement of loss and comprehensive loss.

15. 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:

		June 30, 2023		**December 31, 2022**
Current to 3 months	$	147,252	$	110,959
Over 3 months		95,479		22,254
Less: allowance for doubtful accounts		(10,980)		(3,208)
Trade receivables	$	231,751	$	130,005

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 June 30, 2023, the Company has working capital deficiency of $979,000. 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)

16. 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, during the year ended December 31, 2022, the Company received $13,681 from Youth Empowering grant from Agriculture and Agri-Food Canada

As at June 30, 2023, the Company recognized $112,109 in income from PIC and BC Traceability funding.

17. 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 six months ended June 30, 2023.

18. Major customers

Major customers are defined as customers that each individually account for greater than 10% of the Company's revenues. For the six months ended June 30, 2023, and year ended December 31, 2022, the following revenue was recorded from major customers comprising 62% (December 31, 2022 – 28%) of gross revenues:

	Six Months Ended June 30, 2023	Year Ended December 31, 2022
Customer A	$ 45,152	$ -
Customer B	$ 34,344	$ 35,467
Customer C	$ 10,544	$ 52,448
Customer D	$ 134,134	$ -