# Boosh Plant-Based Brands Inc.

## Consolidated Financial Statements

For the years ended March 31, 2022 and 2021

(Expressed in Canadian dollars)

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# INDEPENDENT AUDITORS' REPORT

## TO THE SHAREHOLDERS OF BOOSH PLANT-BASED BRANDS INC.

### *Opinion*

We have audited the consolidated financial statements of Boosh Plant-Based Brands Inc. (the "Company"), which comprise:

- the consolidated statement of financial position as at March 31, 2022;
- the consolidated statement of loss and comprehensive loss for the year then ended;
- the consolidated statement of changes in shareholders' equity (deficiency) for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2022, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

### *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 *Auditors' Responsibilities for the Audit of the Consolidated 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 consolidated 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 1 in the consolidated financial statements, which indicates that as at March 31, 2022, the Company had an accumulated deficit of $9,358,942 and a net loss of $8,063,588 for the year then ended. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, 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.

### *Other Matter*

The consolidated financial statements of the Company for the year ended March 31, 2021 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on July 30, 2021.

### *Other Information*

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis. Our opinion on the consolidated 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 consolidated 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 consolidated 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 auditors' 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.



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

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

In preparing the consolidated 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.

## *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated 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 auditors' report to the related disclosures in the consolidated 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 auditors' 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

The engagement partner on the audit resulting in this independent auditors' report is Sukhjit Gill.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia

September 29, 2022



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**Boosh Plant-Based Brands Inc.**
Consolidated Statements of Financial Position
As at March 31, 2022 and 2021
(Expressed in Canadian dollars)

| | Notes | | **2022** | | 2021 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 7 | **$** | **217,117** | $ | 98,463 |
| Trade and other receivables | 8,15 | | **1,236,298** | | 51,185 |
| Prepaid expenses | | | **443,699** | | 37,592 |
| Inventory | 9 | | **515,944** | | 98,094 |
| | | | **2,413,058** | | 285,334 |
| Intangible assets | 6,11 | | **3,069,745** | | 52,281 |
| Equipment | 10 | | **88,457** | | 23,285 |
| Goodwill | 6,12 | | **5,535,018** | | - |
| Right-of-use assets | 15 | | **42,239** | | 100,739 |
| Total assets | | **$** | **11,148,517** | $ | 461,639 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)** | | | | | |
| Current liabilities | | | | | |
| Accounts payable and accrued liabilities | 13 | **$** | **2,628,593** | $ | 337,036 |
| Due to related parties | 17 | | **13,208** | | 66,329 |
| Promissory note | 6 | | **490,967** | | - |
| Convertible debt | 14 | | **-** | | 148,439 |
| Current portion of lease liability | 15 | | **31,351** | | 74,718 |
| | | | **3,164,119** | | 626,522 |
| Lease liability | 15 | | **1,602** | | 13,572 |
| Total liabilities | | | **3,165,721** | | 640,094 |
| Shareholders' equity (deficiency) | | | | | |
| Share capital | 16 | | **15,720,324** | | 757,349 |
| Obligation to issue shares | 16 | | **-** | | 10,000 |
| Reserves | 16 | | **1,534,406** | | 349,550 |
| Deficit | | | **(9,358,942)** | | (1,295,354) |
| Accumulated other comprehensive income | | | **87,008** | | - |
| Total shareholders' equity (deficiency) | | | **7,982,796** | | (178,455) |
| Total liabilities and shareholders' equity (deficiency) | | **$** | **11,148,517** | $ | 461,639 |

Nature of operations and going concern (Note 1)
Subsequent events (Note 25)

These financial statements were approved by the Board of Directors

*"Connie Marples"* Director *"Lance Marples"* Director

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

**Boosh Plant-Based Brands Inc.**
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended March 31, 2022 and 2021
(Expressed in Canadian dollars)

| | Notes | | **2022** | | 2021 |
|---|---|---|---|---|---|
| Sales | | **$** | **684,044** | $ | 108,296 |
| Cost of sales | 9 | | **(830,568)** | | (112,985) |
| Gross margin | | | **(146,524)** | | (4,689) |
| Operating expenses | | | | | |
| Depreciation and amortization | 10, 11, 15 | | **197,739** | | 19,762 |
| Foreign exchange loss | | | **157,759** | | 1,213 |
| General and administrative expenses | | | **509,472** | | 132,986 |
| Marketing and sales | | | **3,635,723** | | 113,743 |
| Management fees | 17 | | **139,112** | | 16,580 |
| Professional fees | 17 | | **531,376** | | 222,082 |
| Rent | | | **47,767** | | 12,205 |
| Research and development | | | **62,642** | | 11,013 |
| Salaries and benefits | 17 | | **673,016** | | 10,672 |
| Share-based payments | 16,17 | | **755,373** | | 181,897 |
| Total operating expenses | | | **6,709,979** | | 722,153 |
| Net loss before the undernoted items | | | **(6,856,503)** | | (726,842) |
| Other income (loss) | | | | | |
| Accretion expense | 6, 14 | | **(5,728)** | | (7,424) |
| Finance expense | | | **-** | | (4,055) |
| Transaction costs | 5, 6 | | **(42,231)** | | (207,709) |
| Acquisition costs | 6 | | **(691,663)** | | - |
| Impairment of goodwill and intangibles | 11,12 | | **(455,041)** | | - |
| Other | | | **(12,422)** | | - |
| | | | **(1,207,085)** | | (219,188) |
| Net loss | | | **(8,063,588)** | | (946,030) |
| Cumulative translation adjustment | | | **87,008** | | - |
| Net loss and comprehensive loss | | **$** | **(7,976,580)** | $ | (946,030) |
| Weighted average number of shares, basic and diluted | | | **17,277,381** | | 6,805,520 |
| Loss per share, basic and diluted | | **$** | **(0.47)** | $ | (0.14) |

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

**Boosh Plant-Based Brands Inc.**
Consolidated Statement of Changes in Shareholders' Equity (Deficiency)
For the Years Ended March 31, 2022 and 2021
(Expressed in Canadian dollars)

| | | Share Capital | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Notes | Number of common shares* | Amount | Obligation to issue shares | Reserves | Deficit | Accumulated other comprehensive income | Total shareholders' deficit |
| **Balance, March 31, 2020** | | **6,000,000** | **$ 224,069** | **$ -** | **$ 41,327** | **$ (349,324)** | **$ -** | **$ (83,928)** |
| Shares issued upon reverse take-over | 5,16 | 2,458,250 | 427,441 | - | 132,365 | - | - | 559,806 |
| Share-based payments | 16 | - | - | - | 166,324 | - | - | 166,324 |
| Warrants issued for services | 16 | - | - | - | 8,073 | - | - | 8,073 |
| Shares issued for cash | 16 | 514,750 | 104,950 | - | - | - | - | 104,950 |
| Issuance of promissory note | 16 | 40,000 | 1,568 | - | 1,115 | - | - | 2,683 |
| Share issuance costs | 16 | 2,500 | (679) | - | 346 | - | - | (333) |
| Obligation to issue shares | 16 | - | - | 10,000 | - | - | - | 10,000 |
| Net loss for the year | 16 | - | - | - | - | (946,030) | - | (946,030) |
| **Balance, March 31, 2021** | | **9,015,500** | **$ 757,349** | **$ 10,000** | **$ 349,550** | **$ (1,295,354)** | **$ -** | **$ (178,455)** |
| Shares issued upon initial public offerings | 16 | 6,365,000 | 2,670,005 | - | - | - | - | 2,670,005 |
| Finders' warrants issued upon | 16 | - | (117,043) | - | 117,043 | - | - | - |
| Shares issued for Vegan Canteen acquisition | 6,16 | 5,000 | 2,500 | (2,500) | - | - | - | - |
| Shares issued for Saltspring Harvest acquisition | 6,16 | 28,409 | 35,510 | - | - | - | - | 35,510 |
| Shares issued for Pulse Kitchen acquisition | 6,16 | 50,000 | 61,000 | - | - | - | - | 61,000 |
| Shares issued for Beanfields acquisition | 6,16 | 8,000,000 | 7,760,000 | - | - | - | - | 7,760,000 |
| Shares issued for Beanfields finders fee | 6,16 | 564,000 | 394,800 | - | - | - | - | 394,800 |
| Shares issued for private placements | 16 | 3,433,522 | 2,424,065 | - | 196,829 | - | - | 2,620,894 |
| Finders warrants issued for private placements | 16 | - | (85,946) | - | 85,946 | - | - | - |
| Conversion of convertible notes | 14,16 | 100,000 | 63,000 | - | 151,131 | - | - | 214,131 |
| Exercise of warrants | 16 | 2,078,882 | 1,580,084 | - | (121,466) | - | - | 1,458,618 |
| Shares issued for services | 16 | 297,504 | 175,000 | (7,500) | - | - | - | 167,500 |
| Share-based payments | 16 | - | - | - | 755,373 | - | - | 755,373 |
| Net loss for the year | | - | - | - | - | (8,063,588) | - | (8,063,588) |
| Currency translation adjustment | | - | - | - | - | - | 87,008 | 87,008 |
| **Balance, March 31, 2022** | | **29,937,817** | **$ 15,720,324** | **$ -** | **$ 1,534,406** | **$ (9,358,942)** | **$ 87,008** | **$ 7,982,796** |

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

**Boosh Plant-Based Brands Inc.**
Consolidated Statements of Cash Flows
For the years ended March 31, 2022 and 2021
(Expressed in Canadian dollars)

| | | 2022 | | 2021 |
|---|---|---|---|---|
| **Operating activities** | | | | |
| Net loss for the year | **$** | **(8,063,588)** | $ | (946,030) |
| Items not affecting cash: | | | | |
| Accretion expense | | **5,728** | | 7,424 |
| Interest expense | | **10,822** | | 658 |
| Share-based payments | | **755,373** | | 174,397 |
| Shares issued for services | | **167,500** | | 7,500 |
| Depreciation and amortization | | **197,739** | | 19,762 |
| Transaction costs | | **-** | | 207,709 |
| Acquisition costs | | **394,800** | | - |
| Impairment of goodwill and intangibles | | **455,041** | | - |
| Non-cash working capital items: | | | | |
| Accounts receivable | | **(1,174,352)** | | (41,289) |
| Prepaid expenses | | **(382,141)** | | 18,298 |
| Inventory | | **153,544** | | (47,648) |
| Accounts payable and other liabilities | | **1,094,311** | | 166,131 |
| Due to related parties | | **(53,121)** | | (3,286) |
| Net cash used in operating activities | | **(6,438,344)** | | (436,374) |
| **Investing activities** | | | | |
| Cash paid on acquisition of Saltspring Harvest | | **(131,733)** | | - |
| Cash acquired from acquisition of Pulse Kitchen | | **205** | | - |
| Cash paid on acquisition of Pulse Kitchen | | **(100,000)** | | - |
| Purchase of equipment | | **(67,313)** | | (23,939) |
| Purchase of intangible asset | | **-** | | (25,000) |
| Cash acquired from acquisition of Boosh | | **-** | | 423,835 |
| Net cash provided by investing activities | | **(298,841)** | | 374,896 |
| **Financing activities** | | | | |
| Proceeds from exercise of warrants | | **1,458,618** | | - |
| Proceeds received from IPO | | **2,670,005** | | - |
| Proceeds from loans advanced from related parties | | **-** | | 146,456 |
| Repayments of loans due to related parties | | **-** | | (44,433) |
| Proceeds from private placements | | **2,620,894** | | 46,617 |
| Issuance of convertible debt | | **63,000** | | 40,000 |
| Repayment of lease principal | | **(90,371)** | | (31,338) |
| Net cash provided by financing activities | | **6,722,146** | | 157,302 |
| Impact of currency translation on cash | | **133,693** | | - |
| Change in cash and cash equivalents | | **118,654** | | 95,824 |
| Cash and cash equivalents, beginning of the year | | **98,463** | | 2,639 |
| **Cash and cash equivalents, end of the year** | **$** | **217,117** | $ | 98,463 |

**Supplemental disclosures with respect to cash flows (Note 23)*

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

## 1. NATURE OF OPERATIONS AND GOING CONCERN

Boosh Plant-Based Brands Inc. (the "Company" or "BPBB") was initially incorporated under the BCBCA on August 6, 2020 as Terra Sol Essential Inc. On October 21, 2020, the Company's name was changed to 1260389 B.C. Ltd. On December 21, 2020, the Company completed the acquisition of Boosh Food Inc. ("Boosh") through a share exchange agreement (Note 5). As a result, Boosh became a wholly owned subsidiary of the Company. This transaction is accounted for as a reverse asset acquisition of the Company by Boosh ("RTO"). On January 18, 2021, the Company's name was changed to Boosh Plant-Based Brands Inc. Prior to the RTO, the Company had no operations.

The Company's head office, principal address and records office is located at #103 – 6554 176 Street, Surrey, BC V3S 4G5. The registered office is located at 2080 – 777 Hornby Street, Vancouver, BC V6Z 1S4. The Company is in the business of producing and selling plant-based frozen meals and gluten-free snacks.

On May 26, 2021 the Company completed its initial public offering ("IPO") and commenced trading on the Canadian Stock Exchange ("CSE") under the symbol "VEGI". The Company also trades on the OTCQB under the stock symbol "VGGIF" and on the Frankfurt Stock Exchange under the stock symbol "77I".

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. To date, the Company has incurred losses and may incur further losses in the development of its business. During the year ended March 31, 2022, the Company incurred a net loss of $8,063,588 (2021 - $946,030) and had an accumulated deficit of $9,358,942 as at March 31, 2022 (2021 - $1,295,354). The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to raise financing and generate profits and positive cash flows from operations in order to cover its operating costs. From time to time, the Company generates working capital to fund its operations by raising additional capital through equity financing. However, there is no assurance it will be able to continue to do so in the future. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements. Such adjustments could be material.

There was a global pandemic outbreak of COVID-19. To date, there have been a large number of temporary business closures, quarantines and a general reduction in consumer activity in Canada. The outbreak has caused companies and various governmental bodies to impose travel, gathering and other public health restrictions. While these effects are expected to be temporary, the duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time. Similarly, the Company cannot estimate whether or to what extent this outbreak and the potential financial impact may extend. At this point, the extent to which COVID-19 will or may impact the Company is uncertain and these factors are beyond the Company's control; however, it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations and financial condition.

## 2. BASIS OF PREPARATION

### Statement of compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Issues Committee ("IFRIC"). The consolidated annual financial statements were authorized for issue by the Board of Directors on September 29, 2022.

**Basis of consolidation**

For the year ended March 31, 2022, the consolidated financial statements incorporate the consolidated financial statements of the Company and of its wholly owned subsidiaries, Boosh Food Inc., Pulse Kitchen Specialty Foods Ltd. and Beautiful Beanfields, Inc. For the year ended March 31, 2021, Boosh Food Inc. was the only wholly owned subsidiary of the Company.

A subsidiary is an entity over which the Company has control, directly or indirectly, where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. A subsidiary is consolidated from the date upon which control is acquired by the Company and all intercompany transactions and balances have been eliminated on consolidation.

**Basis of measurement**

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Significant accounting policies used in the preparation of these consolidated financial statements are described in Note 3. The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

The preparation of the consolidated financial statements in compliance with IFRS requires management to make certain accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are discussed below.

**Functional and presentation currency**

These consolidated financial statements are presented in Canadian dollars, which is the functional and reporting currency of the Company, Boosh Food Inc. and Pulse Kitchen Specialty Foods Ltd. The functional currency of Beautiful Beanfields, Inc. is the United States dollar.

## 3. SIGNIFICANT ACCOUNTING POLICIES

**Revenue recognition**

Revenue is recognized at the point in which the performance obligation under the terms of a contract with the customer have been satisfied and control has transferred. The Company's performance obligation is typically defined as the accepted purchase order with the customer which requires the Company to deliver the requested products at agreed upon prices at the time and location of the customer's choice. The Company satisfies its performance obligation and transfers control to the customer upon shipment. Billings rendered in advance of performance under contracts are recorded as deferred revenue.

Revenue is measured at the fair value of the consideration received or receivable, net of estimated returns and discounts. The time between invoicing and when payment is due is not significant. None of the Company's customer contracts during the year ended March 31, 2022 contains a significant financing component. The Company does not offer warranties or a right to return on the products it sells except in the instance of a product recall.

The Company routinely offers sales discounts and promotions through various programs to its customers and consumers. These programs include discounts, free samples to open new customer accounts or expand products sold to existing accounts, products as contest prizes on social media and other trade activities.

**Cash and cash equivalents**

Cash is comprised of cash at bank. Cash equivalents are comprised of one-year cashable Guaranteed Investment Certificates ("GICs"), as disclosed in Note 7.

**Inventories and cost of sales**

Inventories are recorded at lower of cost or net realizable value. The Company accounts for inventory using the first-in-first-out ("FIFO") method. In addition to product cost, inventory costs include expenditures such as direct labour, supply and expenses and any third-party costs. Inventories are comprised primarily of raw materials, purchase costs and direct labour. The Company reviews the quantities and condition of the inventory on hand on a regular basis and records a provision for spoiled inventory when it is incurred. Any write-down recorded of inventory is included in cost of sales for the period.

**Equipment**

Equipment is recorded at cost less accumulated depreciation and impairment losses. The Company provides for depreciation using the methods at rates designed to depreciate the cost of the equipment over their period of expected useful life. The estimated useful lives of assets are reviewed by management and adjusted if necessary.

Costs include expenditures that are directly attributable to the acquisition of the asset or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company. 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 can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to profit or loss in the period when they are incurred.

The Company commences recording depreciation when the assets are in a working condition and are ready for use using the straight-line method at the following rates:

| Class | Useful Life |
|---|---|
| Kitchen and machinery equipment, furniture and fixtures | 5 years |
| Computer equipment | 3 years |
| Leasehold improvements | 2 years |

**Financial instruments**

*Recognition, classification and measurement*

Financial assets are classified and measured based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. IFRS 9 contains three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income ("FVTOCI"), and fair value through profit and loss ("FVTPL").

Financial assets are recognized in the statements of financial position if the Company has a contractual right to receive cash or other financial assets from another entity. Financial assets are derecognized when the rights to receive cash flows from the asset have expired or were transferred and the Company has transferred substantially all risks and rewards of ownership.

All financial liabilities are recognized initially on the transaction date at which the Company becomes a party to the contractual provisions of the instruments. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial instruments are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Company has classified its cash and cash equivalents as a financial asset and convertible debt as a financial liability measured at FVTPL, and classified its trade and other receivables, accounts payable and accrued liabilities, due to related parties, lease liability and promissory note as financial assets and financial liabilities measured at amortized cost. Such assets and liabilities are recognized initially at fair value inclusive of any directly attributable transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment losses.

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

*Impairment of financial assets*

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost. Loss allowances for accounts receivable are always measured at an amount equal to lifetime expected credit losses if the amount is not considered fully recoverable. A financial asset carried at amortized cost is considered credit-impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Individually significant financial assets are tested for credit-impairment on an individual basis. The remaining financial assets are assessed collectively.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

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

**Loss per share**

Loss per share is computed by dividing net loss available to shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding options and warrants were exercised and that the proceeds from such exercises were used to acquire shares at the average market price during the reporting periods.

**Impairment of assets**

The carrying amount of the Company's non-financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of loss and comprehensive loss. Impairment losses will be allocated to goodwill first and any excess value will be allocated to other assets on a pro-rata basis.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. Any reversal of impairment cannot increase the carrying value of the asset to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in the previous years. Impairment losses on goodwill are never reversed.

Assets that have an indefinite useful life are not subject to depreciation, and goodwill are tested annually for impairment.

**Share-based payments**

The Company grants stock options to purchase common shares of the Company to directors, officers, employees, and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee. The fair value of stock options is measured on the grant date using the Black-Scholes option pricing model and is recognized over the vesting period. Share-based payments are initially recorded to reserves. Subsequently, the amount together with the consideration received for the shares on the exercise of share-based payments are credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

The Company has a restricted stock unit ("RSU") plan for directors, executive officers, and employees of the Company. The vesting conditions of the RSUs may be based on a required service period or the achievement of performance targets. RSUs that have been vested are payable in common shares of the Company. The share-based remuneration expense of the RSUs is based on the fair value at grant date, the probable number of common shares to be issued and is recognized over the expected vesting period. A corresponding compensation liability is recorded in equity.

**Share capital**

The Company records proceeds from the issuance of its common shares as equity. The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units.

The residual value method first allocates value to the most easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placement was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted price on the issuance date. The remaining proceeds, if any, are allocated to the attached warrants. Any fair value attributed to the warrants is recorded as warrant reserve.

Incremental costs and equity instruments directly attributable to the issue of new common shares are shown in equity as a deduction, net of tax, from the proceeds. Common shares issued for consideration other than cash are valued based on their market value at the date that shares are issued.

**Leases**

At inception of a new contract, the Company assesses whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Company assesses whether the contract meets three key evaluations which are whether:

i. The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
ii. The Company has the right to obtain substantially all the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
iii. The Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Company recognizes a right-of-use ("ROU") asset and a lease liability on the consolidated statement of financial position. The ROU asset is initially recorded at cost, which comprises the initial amount of the lease liability and any initial direct costs incurred less any lease payments made at or before the initial adoption date. The ROU asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term. The ROU asset is periodically reduced by impairment losses, if any, and adjusted for remeasurements of the lease liability. The lease liability is measured at the present value of the expected lease payments over the lease term, discounted at the interest rate implicit in the lease; if the rate cannot be determined, the incremental borrowing rate is used. The liability is increased for the passage of time and payments on the lease are offset against the lease liability.

**Convertible Debenture**

The convertible debentures are separated into their liability and equity components on the consolidated statements of financial position. The liability component is initially recognized at fair value, calculated at the net present value of the cash outflows based on non-convertible debt issued by comparable issuers and accounted for at amortized cost using the effective interest rate method. The effective interest rate used is the estimated rate for non-convertible debt with similar terms at the time of issue. The residual value is then allocated to the equity component to the extent it meets the definition of equity.

**Foreign currency translation**

Transactions in foreign currencies are initially recorded by the Company's subsidiaries at their respective functional currency spot rates at the date the transaction is recognized. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at reporting period ends. Differences arising on settlement or translation of monetary items are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income ("OCI"), or profit or loss are also recognized in OCI or profit or loss, respectively).

On consolidation, the assets and liabilities of foreign operations are translated into Canadian dollars at the rate of exchange prevailing at the reporting date and their statements of loss and comprehensive loss are translated at the average exchange rate prevailing during each reporting period. Equity balances are translated at historical exchange rates prevailing at the date of the transactions. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

**Income taxes**

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.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred income tax assets and liabilities are offset if, and only if, a legally enforceable right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

**Goodwill and intangible assets**

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is subject to impairment testing on an annual basis.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination. Where goodwill has been allocated to a cash-generating unit ("CGU") and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Intangible assets with finite lives are measured on initial recognition at cost, which comprises the purchase price plus any directly attributable costs of preparing the asset for intended use. Following initial recognition, such intangible assets are carried at cost less any accumulated depreciation and accumulated impairment losses.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether this status continues to be appropriate.

| Class | Useful Life |
|---|---|
| Recipes & Formulas | 5 years |
| Customer Relationships | 4-6.5 years |
| Brand | indefinite |

## 4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in loss/income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Information about critical judgments and estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

**Asset Acquisitions Versus Business Combinations**

Management had to apply judgment with respect to whether the acquisitions of Beanfields, Saltspring Harvest, Vegan and Pulse (as defined in Note 6), were asset acquisitions or business combinations. The assessments required management to assess the inputs, processes, and outputs of the companies acquired at the time of acquisition. Acquisitions that do not meet the definition of a business combination are accounted for as asset acquisitions. Pursuant to these assessments, the Beanfields, Pulse and Saltspring Harvest acquisitions were considered to be business combinations and the Vegan transaction was considered to be an asset acquisition.

**Determination of Purchase Price Allocations**

Estimates are made in determining the fair value of assets and liabilities, including the valuation of separately identifiable intangibles acquired as part of an acquisition. Management exercises judgment in estimating the probability and timing of when cash flows are expected to be achieved, which is used as the basis for estimating fair value. Future performance results that differ from management's estimates could result in changes to liabilities recorded, which are recorded as they arise through profit or loss. The fair value of identified intangible assets is determined using appropriate valuation techniques which are generally based on a forecast of the total expected future net cash flows of the acquiree. Valuations are highly dependent on the inputs used and assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied. Consideration paid for an asset acquisition is allocated to the individual identifiable assets acquired and liabilities assumed based on their relative fair values. Asset acquisitions do not give rise to goodwill.

**Going Concern**

The assumption that the Company will be able to continue as a going concern is subject to critical judgments of management with respect to assumptions surrounding the short- and long-term operating budget, expected profitability, investing and financing activities and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumptions may be inappropriate.

**Income Taxes**

Deferred tax assets, including those arising from tax loss carry-forwards, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilise recognised deferred tax assets.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realise the net deferred tax assets recorded at the reporting date could be impacted.

**Convertible Debentures**

The identification of convertible debenture components is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest on the liability component. The determination of the fair value of the liability is also based on a number of assumptions, including contractual future cash flows, discount factors, and the presence of any derivative financial instruments.

**Interest Rates**

The Company estimates a market interest rate in determining the fair value of its convertible debentures and the fair value of the right-of-use assets and lease liabilities, fair value of assets acquired, and recoverable value of cash-generating units. The determination of the market interest rate is subjective and could materially affect these fair value estimates.

**Valuation of Share-Based Payments**

The Company uses the Black-Scholes option pricing model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

**Impairment of Property and Equipment, Intangible Assets and Goodwill**

For assets with finite lives, judgment is required in assessing whether certain factors would be considered an indicator of impairment. The Company considers both external and internal sources of information in assessing whether there are any indications that CGUs are impaired, or reversal of impairment is needed. Factors considered include current and forecast economic conditions, internal projections and the Company's market capitalization relative to its net asset carrying amount. For assets with indefinite lives, the Company determines the recoverable value of the CGU by assessing the higher of value in use and fair value less cost of disposal. The Company performed its impairment test for the fiscal period ending March 31, 2022. For each CGU, the Company determined the recoverable amount by calculating its value in use using a five-year discounted cash flow ("DCF") model. The cash flows derived from the Company's five-year strategic plan are based on managements' expectations of market growth, industry reports and trends, and past performances. These projections are inherently uncertain due to the growth-oriented strategies of the company and the emerging vegan food industry. The DCF model included projections surrounding revenue, cost of sales, expenses, discount rate, and growth rates.

For the purposes of the recoverable value test, Saltspring Harvest and Pulse are considered to be a separate Cash-Generating Unit ("CGU1") and Beautiful Beanfields Inc. is considered to be another separate Cash-Generating Unit ("CGU2") as the cash inflows are independent from other entities of the Company.

For CGU1, the model used a cumulative annual revenue growth rate of 7.4%, operating expenses were projected to grow in line with an average 5-year inflation rate of 3%. The discount rates used to calculate the recoverable amounts reflect the CGU's specific risks and market conditions and range from 13.3% to 14.3%. As at March 31, 2022, the carrying amounts of CGU1 were more than the estimated recoverable amounts. The difference of the CGU's carrying value of assets over the estimated value in use was recorded as an impairment expense.

For CGU2, the model used a cumulative annual revenue growth rate of 34.5%, operating expenses were projected to grow in line with revenue growth. The discount rates used to calculate the recoverable amounts reflect the CGU's specific risks and market conditions and range from 11.7% to 12.4%. A 1% change in discount rates will have a material impact on the recoverable value estimate; however, the overall conclusion will not change. At as March 31, 2022, the carrying amounts of CGU2 were less than the estimated recoverable amounts and as such no impairment expense was recorded.

**Estimated Useful Lives and Depreciation of Property and Equipment and Intangible Assets**

Depreciation of property and equipment and intangible assets is dependent upon estimates of useful lives which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

### Recoverability of Trade and Accounts Receivable

Estimates and judgments are inherent in the on-going assessment of the recoverability of trade and accounts receivable. The Company is not able to predict changes in financial conditions of its customers and note holders and the Company's judgment related to the recoverability of trade and accounts receivable may be material.

### Application of IFRS 16

The Company applies judgment in determining whether a contract contains an identified asset, whether the Company has the right to control the asset, and the lease term. Lease term reflects the period over which the lease payments are reasonably certain including renewal options that the Company is reasonably certain to exercise. The determination of lease terms involves significant judgment with respect to assumptions of whether lease extensions will be utilized. Management makes assumptions about long-term industry outlook and store operating performances and growth which relate to future events and circumstances. Actual results could vary from these assumptions, and the differences could be material to the carrying value of the lease liabilities and right-of-use assets, for which the lease term is the basis for determining useful life.

### Provisions

Provisions are recognized when the Company has a present obligation, legal or constructive as a result of a previous event, if it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the obligation. The amount recognized is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligations. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate of the expected future cash flows.

### Inventory

The Company estimates the net realizable value of inventories, taking into account the most reliable evidence available at each reporting date including obsolescence, future selling prices, and customer behaviour. The future realization of these inventories may be affected by market-driven changes that may reduce future selling prices. A change to these assumptions could impact the Company's inventory valuation and impact gross margins.

### Achievement of RSU performance conditions

The Company's equity settled RSUs vest according to performance conditions based on specific revenue targets for the Company. At each reporting date, the Company must use judgment to estimate the probability of achieving certain revenue targets. It was determined that as at March 31, 2022 it is probable that the performance conditions will be met and therefore an expense was recognized in the statements of loss and comprehensive loss.

## 5. REVERSE TAKEOVER

On December 21, 2020, the Company completed the reverse take-over transaction to acquire Boosh, a wholly owned subsidiary of the Company. The Company acquired all of the issued and outstanding securities of Boosh from its shareholders at an exchange ratio of approximately 0.873288. This resulted in the Company issuing 2,458,250 common shares to the shareholders of Boosh.

As a result of the acquisition, Boosh is deemed to be the acquirer for accounting purposes and therefore its assets, liabilities and operations are included in the consolidated financial statements at their historical carrying value. Boosh's operations were a continuance of the business and operations. The Company's historical results of operations are those of Boosh, with the operations of the Company being included from December 21, 2020, the closing date of the acquisition, and onwards.

(Expressed in Canadian dollars)

At the time of the reverse take-over, the Company did not constitute a business as defined under IFRS 3 – Business Combinations; therefore, the RTO is accounted for under IFRS 2, where the difference between the consideration given to acquire the Company and the net asset value of the Company is recorded as a transaction cost to profit and loss. As Boosh was deemed to be the accounting acquirer for accounting purposes, these consolidated financial statements present the historical financial information of Boosh prior to the date of the RTO. The purchase price allocation at the acquisition date is as follows:

| | | |
|---|---|---|
| **Consideration:** | | |
| Fair value of shares issued upon RTO (2,458,250 shares) | $ | 427,441 |
| Value of replacement warrants (4,550,250 warrants) | | 118,762 |
| Forgiveness of Boosh debt | | (92,712) |
| Total consideration | | 453,491 |
| | | |
| **Fair value of net assets assumed:** | | |
| Cash and cash equivalents | | 423,835 |
| Prepaid expenses and deposits | | 54,910 |
| Accounts payable and accrued liabilities | | (58,365) |
| Convertible debt | | (102,995) |
| Conversion component | | (13,603) |
| Subscriptions received | | (58,000) |
| Total net assets | | 245,782 |
| | | |
| **Transaction cost** | **$** | **207,709** |

## 6. ACQUISITIONS

During the year ended March 31, 2022, the Company incurred $42,231 on transaction costs related to failed acquisitions.

### Vegan Canteen Limited Partnership Acquisition

On February 28, 2021, the Company entered into an asset purchase agreement with Vegan Canteen Limited Partnership (“Vegan”) to purchase certain recipes and formulas and the associated intangible rights and property for total consideration of $50,000 payable in cash (paid) and the issuance of 5,000 common shares of the Company with a fair value of $2,500. The shares were issued on May 26, 2021. The total consideration of $52,500 was allocated to recipes and formulas.

Under IFRS 3, the transaction does not constitute a business combination as no substantive processes were acquired; therefore, it was accounted for as an asset acquisition recognized in intangible assets.

### Saltspring Harvest Acquisition

On July 14, 2021, the Company entered into an agreement with Saltspring Harvest Ltd. (“Saltspring”), a company specializing in the production of vege-pates and vegan dips, to acquire all the assets related to Saltspring’s business (the “Asset Purchase Agreement”). The transaction closed on July 23, 2021.

In accordance with IFRS 3, the transaction constitutes a business combination as net asset acquired and substantive process meet the definition of a business under the standard. Accordingly, the assets acquired have been recorded at their respective estimated fair values as of the acquisition date.

(Expressed in Canadian dollars)

In consideration for the assets acquired, the Company issued 28,409 common shares (the "Saltspring Acquisition Shares") and paid $131,733 in cash. The Saltspring Acquisition Shares were valued at $35,510 as determined by the market value of the Company's shares on the acquisition date.

Management used an income-based approach to estimate the fair values of the intangible assets acquired.

The purchase price allocation at the acquisition date is as follows:

| | | |
|---|---|---|
| **Consideration:** | | |
| Cash paid | $ | 131,733 |
| Fair value of shares issued | | 35,510 |
| Total consideration | | 167,243 |
| | | |
| **Fair value of net assets assumed:** | | |
| Inventory | | 6,441 |
| Prepaid expenses | | 291 |
| Equipment | | 4,600 |
| Intangible assets (Note 11) | | |
| Customer relationships | | 17,000 |
| Brand | | 7,000 |
| Recipes and trade secrets | | 28,000 |
| Total net assets | | 63,332 |
| | | |
| **Goodwill** | **$** | **103,911** |

Goodwill arising from the acquisition relates to future income growth, expected synergies with the existing business, and the opportunities to strengthen and complement offerings with greater breadth and depth to both existing and acquired clients.

Revenues and net income for Saltspring for the period from July 23, 2021 to March 31, 2022 included in the consolidated statements of loss and comprehensive loss are $42,798 and $29,499, respectively.

**Pulse Kitchen Acquisition**

On October 15, 2021, the Company acquired all the issued and outstanding shares of Pulse Kitchen Specialty Foods Ltd. ("Pulse"), a producer of specialty hand-crafted, plant-based, vegan gluten-free cheese, in exchange for $300,000 in cash, $205 cash in Pulse Kitchen's books on closing date and the issuance of 50,000 common shares with a fair value of $61,000. At March 31, 2022, $198,109 of the purchase price is included in accounts payable. Out of the total, $197,904 represents the present value at year-end of the total amounts payable of $200,000, discounted at a rate of 3.6% and $205 represents the cash payable from Pulse's books on closing date. Accretion expenses of $3,188 were recorded related to the liability.

The Pulse acquisition was accounted for as a business combination as substantive processes and assets were acquired as part of the transaction. Management used an income-based approach to estimate the fair values of the intangible assets acquired. The purchase price allocation at the acquisition date is as follows:

| | | |
|---|---|---|
| **Consideration:** | | |
| Cash paid | $ | 100,000 |
| Cash payable (present value of remaining $200,000 to be paid) | | 194,716 |
| Fair value of shares | | 61,000 |
| Cash in Pulse at closing | | 205 |
| Total consideration | | 355,921 |

(Expressed in Canadian dollars)

| | | |
|---|---|---|
| **Fair value of net assets assumed:** | | |
| Cash | | 205 |
| Trade and other receivables | | 23,295 |
| Inventory | | 19,061 |
| Equipment | | 16,541 |
| Right-of-use asset | | 24,364 |
| Intangible assets (Note 11) | | |
| Customer relationships | | 15,000 |
| Brand | | 16,000 |
| Recipes and trade secrets | | 42,000 |
| Trade and other payables | | (13,518) |
| Lease liabilities | | (24,364) |
| Total net assets | | 118,584 |
| **Goodwill** | **$** | **237,337** |

Goodwill arising from the acquisition relates to future income growth, expected synergies with the existing business, and the opportunities to strengthen and complement offerings with greater breadth and depth to both existing and acquired clients.

Revenues and net income (loss) for Pulse for the period from October 16, 2021 to March 31, 2022 included in the consolidated statements of loss and comprehensive loss are $54,596 and ($107,600), respectively.

**Beanfields Acquisition**

On February 11, 2022, the Company entered into a foreclosure sale agreement with Venture Lending & Leasing VIII, Inc. ("VLL8") and Venture Lending & Leasing IX, Inc. ("VLL9") to acquire certain assets of Beanfields, Inc. ("Beanfields"), a company specializing in gluten free and non-genetically modified snacks. The transaction closed on February 16, 2022.

In consideration for the assets acquired, the Company paid the following:

a. 8,000,000 common shares of the Company with a fair value of $7,760,000 as determined by the market value of the Company's shares on the acquisition date;
b. A US$200,000 promissory note, bearing interest at 6% per annum and maturing September 1, 2023 issued to VLL8; and
c. A US$200,000 promissory note, bearing interest at 6% per annum and maturing September 1, 2023 issued to VLL9.

At issuance, the fair value of the promissory notes was $490,967 (US$392,899), discounted using the effective interest rate of 7.22%.

In accordance with IFRS 3, the transaction constitutes a business combination as the net assets acquired and substantive processes meet the definition of a business. The value of the assets and liabilities acquired was based on management's assessment of the fair value at the date of acquisition and applying the initial measurement requirements of each applicable standard to the identifiable assets and liabilities assumed. Management used an income-based approach to estimate the fair values of the intangible assets acquired.

(Expressed in Canadian dollars)

The purchase price allocation at the acquisition date is as follows:

| **Consideration:** | | **USD** | | **CAD** |
|---|---|---|---|---|
| Promissory notes | $ | 392,899 | $ | 498,432 |
| Fair value of shares issued | | 6,116,979 | | 7,760,000 |
| Total consideration | | 6,509,878 | | 8,258,432 |
| | | | | |
| **Fair value of net assets assumed:** | | | | |
| Inventory | | 434,312 | | 550,968 |
| Prepaid expenses | | 21,562 | | 27,354 |
| Equipment | | 5,500 | | 6,977 |
| Intangible assets (Note 11) | | | | |
| Customer relationships | | 423,000 | | 536,618 |
| Brand | | 451,000 | | 572,139 |
| Recipes and trade secrets | | 1,600,000 | | 2,029,760 |
| Trade and other payables | | (788,587) | | (1,000,402) |
| Total net assets | | 2,146,787 | | 2,723,414 |
| | | | | |
| **Goodwill** | **$** | **4,363,091** | **$** | **5,535,018** |

Goodwill arising from the acquisition relates to future income growth, expected synergies with the existing business, and the opportunities to strengthen and complement offerings with greater breadth and depth to both existing and acquired customers. The company incurred $691,663 in Beanfields transaction costs, which consists of finder's fees and audit fees of Beanfields for the year ended December 31, 2021.

Revenues and net income (loss) for Beanfields for the period from February 16, 2022 to March 31, 2022 included in the consolidated statements of loss and comprehensive loss are $382,816 and ($287,928), respectively.

## 7. CASH AND CASH EQUIVALENTS

The Company's cash and cash equivalents consists of the following at March 31, 2022 and 2021:

| | | **2022** | | **2021** |
|---|---|---|---|---|
| Deposit at bank | $ | 187,117 | $ | 98,463 |
| Cashable Guaranteed Investment Certificate ("GIC") | | 30,000 | | - |
| | $ | 217,117 | $ | 98,463 |

## 8. TRADE AND OTHER RECEIVABLES

The Company's accounts receivable consists of the following at March 31, 2022 and 2021:

| | | **2022** | | **2021** |
|---|---|---|---|---|
| Trade receivables | $ | 244,365 | $ | 41,915 |
| GST receivable | | 67,866 | | 9,270 |
| Subscriptions receivable | | 214,894 | | - |
| Other receivables | | 709,173 | | - |
| | $ | 1,236,298 | $ | 51,185 |

The other receivables represent amounts owed from shareholders that hold approximately 25.59% of the Company.

(Expressed in Canadian dollars)

## 9. INVENTORY

Inventory consists of finished goods and raw materials. The following is an inventory breakdown at March 31, 2022 and 2021:

| | 2022 | 2021 |
|---|---|---|
| Finished goods | $ 221,899 | $ 53,944 |
| Raw materials | 294,045 | 44,150 |
| | $ 515,944 | $ 98,094 |

During the year ended March 31, 2022, the Company expensed $830,568 (2021 - $112,985) of inventory in the cost of sales.

## 10. EQUIPMENT

| | Kitchen equipment | Computer equipment | Leasehold improvements | Machinery, equipment, furniture, and fixtures | Total |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| Balance, March 31, 2020 | $ - | $ - | $ - | $ - | $ |
| Additions | 8,860 | 12,076 | 3,003 | - | 23,939 |
| Balance, March 31, 2021 | $ 8,860 | $ 12,076 | $ 3,003 | $ - | $ 23,939 |
| Acquisitions | 4,600 | 422 | 3,643 | 19,453 | 28,118 |
| Additions | 9,926 | 31,302 | 26,085 | - | 67,313 |
| Impact of currency translation | - | - | - | (1,558) | (1,558) |
| **Balance, March 31, 2022** | **$ 23,386** | **$ 43,800** | **$ 32,731** | **$ 17,895** | **$ 117,812** |
| | | | | | |
| **Accumulated Depreciation** | | | | | |
| Balance, March 31, 2020 | $ - | $ - | $ - | $ - | $ - |
| Depreciation | 222 | 357 | 75 | - | 654 |
| Balance, March 31, 2021 | $ 222 | $ 357 | $ 75 | $ - | $ 654 |
| Depreciation | 2,307 | 11,020 | 11,944 | 3,430 | 28,701 |
| **Balance, March 31, 2022** | **$ 2,529** | **$ 11,377** | **$ 12,019** | **$ 3,430** | **$ 29,355** |
| | | | | | |
| **Net Book Value** | | | | | |
| At March 31, 2021 | $ 8,638 | $ 11,719 | $ 2,928 | $ - | $ 23,285 |
| **At March 31, 2022** | **$ 20,857** | **$ 32,423** | **$ 20,712** | **$ 14,465** | **$ 88,457** |

(Expressed in Canadian dollars)

## 11. INTANGIBLE ASSETS

Intangible assets include the customer relationships, brand name and recipes and formulas acquired when the Company purchased 100% of the outstanding shares of Pulse and Beanfields as well as the operating assets of Saltspring and Vegan.

| | Customer Relationships | Brands* | Recipes & Formulas | Total |
|---|---|---|---|---|
| **Cost** | | | | |
| Balance, March 31, 2020 | $ - | $ - | $ - | $ - |
| Additions | - | - | 52,500 | 52,500 |
| Balance, March 31, 2021 | - | - | 52,500 | 52,500 |
| Additions | 568,618 | 595,139 | 2,099,760 | 3,263,517 |
| Impact of currency translation | (8,036) | (8,569) | (30,400) | (47,005) |
| **Balance, March 31, 2022** | **$ 560,582** | **$ 586,570** | **$ 2,121,860** | **$ 3,269,012** |
| **Accumulated Depreciation** | | | | |
| Balance, March 31, 2020 | $ - | $ - | $ - | $ - |
| Depreciation | - | - | 219 | 219 |
| Balance, March 31, 2021 | - | - | 219 | 219 |
| Depreciation | 19,525 | - | 66,649 | 86,174 |
| Impact of currency translation | (228) | - | (691) | (919) |
| Impairment | 28,487 | 23,000 | 62,306 | 113,793 |
| **Balance, March 31, 2022** | **$ 47,784** | **$ 23,000** | **$ 128,483** | **$ 199,267** |
| **Net Book Value** | | | | |
| At March 31, 2021 | $ - | $ - | $ 52,281 | $ 52,281 |
| **At March 31, 2022** | **$ 512,798** | **$ 563,570** | **$ 1,993,377** | **$ 3,069,745** |

* No depreciation was taken during the year ended March 31, 2022 as the brands are considered to have an indefinite life.

As at March 31, 2022, management determined that the carrying value of the Saltspring and Pulse CGU exceeded its recoverable amount and recognized impairment of $113,793 (2021 - $nil) against the intangible assets booked at acquisition in accordance with level 3 fair value hierarchy.

## 12. GOODWILL

| | Total |
|---|---|
| Balance, March 31, 2020 and 2021 | $ - |
| Additions | 5,876,266 |
| Impairment | (341,248) |
| **Balance, March 31, 2022** | **$ 5,535,018** |

(Expressed in Canadian dollars)

During the year ended March 31, 2022, the Company recognized goodwill of $103,911 in connection with the acquisition of Saltspring, $237,337 in connection with the acquisition of Pulse, and $5,535,018 in connection with the acquisition of Beanfields (Note 6). Goodwill is allocated to CGUs or a group of CGUs, which generally corresponds to the Company's product lines and manufacturing operations.

As at March 31, 2022, management determined that the carrying value of the Saltspring and Pulse CGU exceeded its recoverable amount and recognized impairment of $455,041 (2021 - $nil), which was fully allocated to goodwill and intangible assets.

## 13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | | **2022** | | **2021** |
|---|---|---|---|---|
| Trade payables | $ | 1,527,439 | $ | 156,770 |
| Accrued liabilities | | 951,756 | | 179,433 |
| Payroll tax liabilities | | 149,398 | | 833 |
| | $ | 2,628,593 | $ | 337,036 |

## 14. CONVERTIBLE DEBT

As part of the RTO, Boosh acquired the outstanding convertible promissory notes issued and outstanding by the Company with total fair value of $116,598, of which $13,603 has been classified as equity. The convertible promissory note with a face value of $40,000 bears interest at a rate of 6% per annum, while the convertible promissory note with a face value of $70,000 bears no interest. Both convertible notes mature 10 days after the Company completes its Initial Public Offering ("IPO") and can be converted into warrants of the Company at a price of $0.05 per warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of $1.00 for 12 months following the completion of the IPO. On May 31, 2021, the convertible notes were converted into 2,200,000 warrants with a fair value of $111,131 recorded in reserves (Note 16).

On January 14, 2021, the Company issued a convertible promissory note with a face value of $40,000 that bears no interest. The convertible note matures 10 days after the Company completes its IPO and can be converted into warrants of the Company at a price of $0.05 per warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of $1.00 for 12 months following the completion of the IPO.

To estimate the fair value, the debt component was estimated first at $37,318 using an effective rate of 27% corresponding to a rate that the Company would have obtained for a similar financing without the conversion option. Secondly, as the equity component of the convertible debt is comprised of a conversion feature and bonus shares, the allocation between the two features is determined using the relative fair value approach. A fair value of $1,114 was determined for the conversion component while a fair value of $1,568 was determined for the bonus share feature. On May 31, 2021, the convertible note was converted into 800,000 warrants with a value of $40,000 recorded in reserves.

On April 12, 2021, the Company issued a convertible promissory note with a face value of $63,000 that bears no interest. The convertible note matures 10 days after the Company completes its IPO and can be converted into 100,000 units of the Company at a price of $0.50 per unit. Each unit comprised of one common share and one warrant of the Company. Each warrant entitles the holder to purchase one common share of the Company at a price of $1.00 for 24 months following the completion of the IPO.

The fair value of the debt component approximates its fair value due to its short term maturity.

On June 1, 2021, the loan was converted into 100,000 common shares and 100,000 purchase warrants with a value of $63,000 recorded in share capital.

(Expressed in Canadian dollars)

A continuity of convertible notes for the years ended March 31, 2022 and 2021 is as follows:

| | | Face value | | Carrying value |
|---|---|---|---|---|
| Balance, March 31, 2020 | $ | - | $ | - |
| Acquired upon RTO | | 110,000 | | 102,995 |
| Issued during the year | | 40,000 | | 37,318 |
| Interest expense | | - | | 702 |
| Accretion | | - | | 7,424 |
| Balance, March 31, 2021 | | 150,000 | | 148,439 |
| Issued during the year | | 63,000 | | 63,000 |
| Conversion | | (213,000) | | (214,131) |
| Interest expense | | - | | 152 |
| Accretion | | - | | 2,540 |
| **Balance, March 31, 2022** | **$** | **-** | **$** | **-** |

## 15. RIGHT-OF-USE ASSETS AND LEASE LIABILITY

On December 10, 2020, the Company entered into a lease agreement for a building. The lease term commenced on January 1, 2021 to July 31, 2022. The Company is committed to a monthly rental fee of $6,914 per month plus operating expenses.

Upon commencement of the lease, the Company paid a deposit of $54,910 which consisted of a prepayment of the first three months and last two months of rent and related operating expenses for those periods. As at March 31, 2022, the Company has expensed $12,205 (2021 - $12,205) of the prepaid operating expenses.

Pursuant to the acquisition of Pulse (Note 6), the Company acquired a lease agreement for an industrial food mixer. From the date of acquisition, there is a 20-month term remaining on the lease. The Company is committed to a monthly lease payment of $1,482.

| **Right-of-Use Assets** | | |
|---|---|---|
| **Cost** | | |
| Balance, March 31, 2020 | $ | - |
| Additions | | 119,628 |
| Depreciation expense | | (18,889) |
| Balance, March 31, 2021 | | 100,739 |
| Additions | | 24,364 |
| Depreciation expense | | (82,864) |
| **Balance, March 31, 2022** | **$** | **42,239** |
| **Net carrying value:** | | |
| At March 31, 2021 | $ | 100,739 |
| **At March 31, 2022** | $ | **42,239** |

(Expressed in Canadian dollars)

At March 31, 2022, the Company's lease obligation related to its office lease is as follows:

| **Lease Obligations** | | |
|---|---|---|
| **Cost** | | |
| Balance, March 31, 2020 | $ | - |
| Additions | | 85,060 |
| Interest expense | | 3,230 |
| Balance, March 31, 2021 | | 88,290 |
| Additions | | 24,364 |
| Principal payments | | (90,371) |
| Interest expense | | 10,670 |
| **Balance, March 31, 2022** | **$** | **32,953** |
| **Which consists of:** | | |
| Current portion | $ | 31,351 |
| Long-term portion | | 1,602 |
| | **$** | **32,953** |

At March 31, 2022, the Company is committed to minimum lease payments as follows:

| **Maturity Analysis** | | |
|---|---|---|
| Less than one year | $ | 31,606 |
| One to five years | | 4,445 |
| **Total undiscounted lease liabilities** | **$** | **36,051** |

| **Amounts recognized in profit or loss** | | |
|---|---|---|
| Interest on lease liabilities | $ | 10,670 |
| Expenses related to variable lease payments not included in lease liabilities | | - |
| **Total amounts recognized in profit or loss** | **$** | **10,670** |

| **Amounts recognized in the statement of cash flows** | | |
|---|---|---|
| Total cash outflow for leases | $ | 90,371 |

## 16. SHARE CAPITAL

### a. Common shares

Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

Issued

As at March 31, 2022, there were 29,937,817 (2021 - 9,015,500) common shares issued and outstanding. Details of the common shares issued are as follows:

*During the year ended March 31, 2022:*

a) On May 26, 2021, the Company completed its initial public offering and issued 5,750,000 units at price of $0.50 per unit for gross proceeds of $2,875,000. Each unit consists of one common share and one warrant with each warrant exercisable into one common share at an exercise price of $1.00 until expiry on May 26, 2022. Using the residual method, the warrants have been determined to have a value of $nil. In conjunction with the IPO, the Company issued a total of 615,000 units to finders under the same terms of the IPO. In addition, the Company also paid $20,000 in cash commissions, $166,995 in legal fees and $18,000 in accounting fees.

b) On May 26, 2021, the Company issued 175,000 common shares with a fair value of $87,500 to directors and consultants for services rendered.

c) On May 26, 2021, the Company issued an aggregate of 15,000 common shares with a fair value of $7,500 to certain directors and consultants of the Company for services rendered, which had been recorded as an obligation to issue shares during the year ended March 31, 2021.

d) On May 26, 2021, the Company issued 5,000 common shares with a fair value of $2,500 to Vegan in connection to the asset purchase agreement dated February 28, 2021.

e) On June 3, 2021, the Company issued 100,000 units upon the conversion of $63,000 convertible debt. Each unit consists of one common share and one warrant. Each warrant is exercisable into one common share at an exercise price of $1.00 until May 26, 2022.

f) On August 4, 2021, the Company issued 28,409 common shares pursuant to the Saltspring Harvest Acquisition. The shares were valued at $35,510 as determined by the market value of the Company's shares on the acquisition date.

g) On October 15, 2021, the Company issued 50,000 common shares pursuant to the Pulse Kitchen Acquisition. The shares were valued at $61,000 as determined by the market value of the Company's shares on the acquisition date.

h) On November 8, 2021, the Company closed a non-brokered private placement and issued 1,250,000 units at a price of $1.00 per unit for gross proceeds of $1,250,000. Each unit consists of one common share and one warrant exercisable at $1.35 per share until expiry on November 8, 2024. Using the residual method, the warrants have been determined to have a value of $nil. In connection with the private placement, the Company issued 125,000 finder's units on the same terms as the placement units. The fair value of the warrants attached to the finders' units was determined to be $85,946. In addition, the Company issued 125,000 broker's warrants exercisable to acquire shares at a price of $1.00 per share until November 8, 2024, with a fair value of $93,092.

i) On February 26, 2022, the Company issued 8,000,000 common shares with a fair value of $7,760,000 pursuant to the Beanfields acquisition. In connection with the acquisition, the Company also issued 564,000 common shares with a fair value of $394,800 as finders fees.

j) On March 9, 2022, the Company completed a private placement of 1,439,143 units at a price of $0.70 per unit for gross proceeds of $1,007,400. Using the residual method, the warrants have been determined to have a value of $nil. Each unit consists of one common share and one warrant exercisable at $1.00 per share until expiry on March 9, 2025. In conjunction with the private placement, the Company issued 57,760 broker warrants exercisable to acquire shares at a price of $0.70 per share until March 9, 2025, with a fair value of $27,534. In addition, the Company also paid $40,431 in finders' fees.

k) On March 31, 2022, the Company completed a private placement of 619,379 units at a price of $0.70 per unit for gross proceeds of $433,565. Using the residual method, the warrants have been determined to have a value of $61,938. Each unit consists of one common share and one warrant exercisable at $1.00 per share until expiry on March 31, 2025 and one common share and one warrant exercisable at $1.00 per share until expiry on March 9, 2025. In conjunction with the private placement, the Company issued 39,762 broker warrants exercisable to acquire shares at a price of $0.70 per share until March 9, 2025, with a fair value of $14,265. In addition, the Company also paid $29,640 in finders' fees.

l) During the year ended March 31, 2022, the Company issued 107,504 common shares for marketing services in the value of $80,000.

m) During the year ended March 31, 2022, the Company issued 2,078,882 common shares pursuant to the exercise of warrants with a weighted average exercise price of $0.70 for total proceeds of $1,458,618.

*During the year ended March 31, 2021:*

a) On January 8, 2021, the Company closed a private placement and issued 474,750 units at price of $0.20 per unit for gross proceeds of $94,950. Each unit consists of one common share and one warrant. Each warrant is exercisable into one common share at an exercise price of $1.00 until January 8, 2023. The warrants have a value of $nil using the residual method. The Company incurred $333 in cash and 2,500 common shares at a price of $0.20 per common share in share issuance costs.

b) On January 14, 2021, the Company issued 40,000 common shares as bonus shares in relation to the convertible promissory note issued on the same date.

c) On January 15, 2021, the Company issued 40,000 common shares at a price of $0.25 per common share for proceeds of $10,000.

d) On March 22, 2021, the Company approved the issuance of 10,000 common shares to the CFO of the Company with a fair value of $5,000.

e) On March 22, 2021, the Company approved the issuance of 5,000 common shares to a consultant of the Company with a fair value of $2,500.

**b. Stock options**

The Company has an incentive stock option plan whereby share purchase options may be granted to directors, officers, employees and consultants of the Company. The total number of unissued shares available for eligible persons to acquire pursuant to options granted under the plan shall not exceed 750,000 shares as at the grant date. Options are granted with exercise prices at the market price or higher at the date of the grant, less any discounts permitted by regulatory authorities. Unless otherwise determined by the board, options will vest over four years, with 25% vesting on the first anniversary of the grant date and 6.25% vesting every three months thereafter, until the vesting of the last 6.25% occurs on the fourth anniversary of the grant date.

*For the year ended March 31, 2022:*

a) On May 26, 2021, the Company granted 50,000 stock options with an exercise price of $0.50, vesting immediately on grant, expiring on April 30, 2023. The fair value of the stock options was $2,826 using the Black-Scholes option pricing model with the following assumptions: volatility of 100%, risk-free interest rate of 0.44%, expected life of 2 years, exercise price of $0.50, a dividend yield of 0%, and a share price of $1.26.

(Expressed in Canadian dollars)

b) On May 26, 2021, the Company granted 50,000 stock options with an exercise price of $0.50, vesting over six months, expiring on May 26, 2023. The fair value of the stock options was $48,785 using the Black-Scholes option pricing model with the following assumptions: volatility of 124%, risk-free interest rate of 0.44%, expected life of 2 years, exercise price of $0.50, a dividend yield of 0%, and a share price of $1.26.

c) On June 28, 2021, the Company granted 22,000 stock options with an exercise price of $1.07, vesting immediately on grant, expiring on June 28, 2023. The fair value of the stock options was $13,596 using the Black-Scholes option pricing model with the following assumptions: volatility of 113%, risk-free interest rate of 0.44%, expected life of 2 years, exercise price of $1.07, a dividend yield of 0%, and a share price of $1.07.

d) On July 6, 2021, the Company granted 20,000 stock options with an exercise price of $1.10, vesting immediately on grant, expiring on July 6, 2023. The fair value of the stock options was $13,046 using the Black-Scholes option pricing model with the following assumptions: volatility of 122%, risk-free interest rate of 0.46%, expected life of 2 years, exercise price of $1.10, a dividend yield of 0%, and a share price of $1.07.

e) On September 9, 2021, the Company granted 147,500 stock options with an exercise price of $1.120, vesting immediately on grant, expiring on September 9, 2023. The fair value of the stock options was $102,192 using the Black-Scholes option pricing model with the following assumptions: volatility of 123%, risk-free interest rate of 0.40%, expected life of 2 years, exercise price of $1.12, a dividend yield of 0%, and a share price of $1.12.

f) On September 13, 2021, the Company granted 2,500 stock options with an exercise price of $1.15, vesting immediately on grant, expiring on September 13, 2023. The fair value of the stock options was $1,880 using the Black-Scholes option pricing model with the following assumptions: volatility of 123%, risk-free interest rate of 0.40%, expected life of 2 years, exercise price of $1.15, a dividend yield of 0%, and a share price of $1.12.

g) On September 14, 2021, the Company granted 25,000 stock options with an exercise price of $1.15, vesting immediately on grant, expiring on September 13, 2023. The fair value of the stock options was $18,799 using the Black-Scholes option pricing model with the following assumptions: volatility of 123%, risk-free interest rate of 0.40%, expected life of 2 years, exercise price of $1.15, a dividend yield of 0%, and a share price of $1.12.

During the year ended March 31, 2022, share-based compensation related to the grant of options was $196,695.

*For the year ended March 31, 2021:*

There were no options granted during the year ended March 31, 2021.

A summary of stock option activity for the years ended March 31, 2022 and 2021 is as follows:

| | Number of options | | Weighted average exercise price |
|---|---|---|---|
| Outstanding, March 31, 2020 | 235,294 | $ | 0.09 |
| Expired | (235,294) | | 0.09 |
| Outstanding, March 31, 2021 | - | | - |
| Granted | 317,000 | | 0.93 |
| **Outstanding, March 31, 2022** | **317,000** | **$** | **0.93** |
| **Exercisable, March 31, 2022** | **317,000** | **$** | **0.93** |

(Expressed in Canadian dollars)

Details of the options outstanding and exercisable as at March 31, 2022 are as follows:

| Expiry | Number of Options Outstanding | Number of Options Vested | Exercise price |
|---|---|---|---|
| May 26, 2023 | 100,000 | 100,000 | $0.500 |
| June 28, 2023 | 22,000 | 22,000 | $1.070 |
| July 6, 2023 | 20,000 | 20,000 | $1.100 |
| September 9, 2023 | 147,500 | 147,500 | $1.120 |
| September 13, 2023 | 2,500 | 2,500 | $1.180 |
| September 14, 2023 | 25,000 | 25,000 | $1.200 |
| **Balance, March 31, 2022** | **317,000** | **317,000** | |

The weighted-average remaining contractual life of options outstanding at March 31, 2022 was 1.33 years.

**c. Warrants**

A summary of warrant activity for the years ended March 31, 2022 and 2021 is as follows:

| | Number of warrants | Weighted average exercise price |
|---|---|---|
| Outstanding, March 31, 2020 | - | $ - |
| Issued | 8,180,000 | 0.59 |
| Outstanding, March 31, 2021 | 8,180,000 | 0.59 |
| Issued | 13,621,044 | 0.69 |
| Exercised | (2,078,882) | 0.28 |
| **Outstanding and exercisable, March 31, 2022** | **19,722,162** | **$ 0.65** |

*For the year ended March 31, 2022:*

On May 26, 2021, the Company granted 5,750,000 warrants as part of the units issued pursuant to the initial public offering. An additional 615,000 warrants were issued as a finder's fee. Each warrant is exercisable into one common share at an exercise price of $1.00 until May 26, 2022. The finder's warrants had a grant date fair value of $0.6184 per warrant determined using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; volatility of 113%; risk-free interest rate of 0.30% and expected life of one year. During the year ended March 31, 2022, the Company recorded $74,654 as share issuance costs relating to these warrants.

On May 31, 2021, the Company granted 3,000,000 warrants pursuant to the conversion of convertible debt (Note 13); each warrant is exercisable into one common share at an exercise price of $1.00 until May 26, 2022.

On June 3, 2021, the Company granted 100,000 warrants as part of the units issued pursuant to the conversion of convertible debt (Note 13); each warrant is exercisable into one common share at an exercise price of $1.00 until May 26, 2022.

On August 5, 2021, the Company granted 50,000 warrants in exchange for marketing services. Each warrant is exercisable into one common share at an exercise price of $1.00 until May 26, 2023. The warrants had a grant date fair value of $0.688 per warrant determined using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; volatility of 126%; risk-free interest rate of 0.41% and expected life of one year. During the year ended March 31, 2022, the Company recorded $34,430 as share-based compensation relating to these warrants.

On September 1, 2021, the Company granted 200,000 warrants in exchange for consulting services. Each warrant is exercisable into one common share at an exercise price of $1.00 until September 9, 2026. The warrants had a grant date fair value of $0.771 per warrant determined using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; volatility of 129%; risk-free interest rate of 0.79% and expected life of five year. During the year ended March 31, 2022, the Company recorded $154,201 as share-based compensation relating to these warrants.

On November 8, 2021, the Company granted 1,375,000 warrants as part of the units issued pursuant to a private placement. 125,000 of the unit warrants were issued as a finder's fee. Each warrant is exercisable into one common share at an exercise price of $1.35 until November 8, 2024. The finder's warrants had a grant date fair value of $0.6876 per warrant determined using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; volatility of 109%; risk-free interest rate of 1.17% and expected life of three years. Another 125,000 warrants were issued as a finder's fee in relation with this private placement. Each of these additional warrants is exercisable into one common share at an exercise price of $1.00 until November 8, 2024. The finder's warrants had a grant date fair value of $0.7447 per warrant determined using the Black-Scholes option pricing model with the following assumptions: dividends yield of 0%; volatility of 109%; risk-free interest rate of 1.17% and expected life of three years. During the year ended March 31, 2022, the Company recorded $179,038 as share issuance costs relating to these warrants.

On November 13, 2021, the Company renewed its contract with James Pakulis, Chief Executive Officer, for a period of one year in exchange for a one-time payment of $50,000 and the issuance of 250,000 warrants exercisable at a price of $2.00 per warrant until November 13, 2025. The warrants had a grant date fair value of $0.6552 per warrant determined using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; volatility of 114%; risk-free interest rate of 1.21% and expected life of four years. During the year ended March 31, 2022, the Company recorded $163,788 as share-based compensation relating to these warrants.

On March 9, 2022, the Company granted 1,439,143 warrants as part of the units issued pursuant to a private placement. The warrants are exercisable at $1.00 per share until expiry on March 9, 2025. Another 57,760 warrants were issued as a finder's fee in relation with this private placement. Each of these additional warrants is exercisable into one common share at an exercise price of $0.70 until March 9, 2025. The finder's warrants had a grant date fair value of $0.4767 per warrant determined using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; volatility of 113%; risk-free interest rate of 1.45% and expected life of three years. During the year ended March 31, 2022, the Company recorded $27,534 as share issuance costs relating to these warrants.

On March 9, 2022, the Company granted 619,379 warrants as part of the units issued pursuant to a private placement. The warrants are exercisable at $1.00 per share until expiry on March 31, 2025. Another 39,762 warrants were issued as a finder's fee in relation with this private placement. Each of these additional warrants is exercisable into one common share at an exercise price of $0.70 until March 31, 2025. The finder's warrants had a grant date fair value of $0.3587 per warrant determined using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; volatility of 113%; risk-free interest rate of 2.17% and expected life of three years. During the year ended March 31, 2022, the Company recorded $14,265 as share issuance costs relating to these warrants.

During the year ended March 31, 2022, the Company recorded share-based compensation of $140,259 related to the vesting of warrants previously granted during the year ended March 31, 2021.

The weighted-average remaining contractual life of warrants outstanding at March 31, 2022 was 1.54 years.

*For the year ended March 31, 2021:*

On December 21, 2020, as a result the RTO (Note 6), the Company issued 3,000,000 warrants to the Chief Executive Officer for services provided to the Company recorded as share-based payment. The warrants vest in two tranches, with the first tranche of 1,500,000 vesting at the date of completion of the IPO, and the second tranche vesting six months after completion of the IPO. The warrants are exercisable into one common share per warrant at an exercise price of $0.50 until December 21, 2025. The warrants have a total fair value of $304,675 determined using the Black-Scholes option pricing model with the following weighted average assumptions: dividend yield of 0%; volatility of 100%; risk-free interest rate of 0.44%; and expected life of 5 years. Share-based payments expense of $137,865 (2021 - $166,324) has been recorded for the year ended March 31, 2022.

(Expressed in Canadian dollars)

On December 22, 2020, the Company approved the grant of 150,000 warrants to a consultant with a fair value of $10,471. The warrants will vest on the close of the IPO and expire three years after the grant date. The warrants had a grant date fair value of $0.0698 per warrant determined using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; volatility of 100%; risk-free interest rate of 0.23% and expected life of three years. Share-based payments expense of $2,394 (2021 - $8,073) has been recorded for the year ended March 31, 2022.

On January 8, 2021, the Company granted 474,750 warrants as part of the units issued pursuant to the private placement that took place on that day. An additional 2,500 warrants were granted as part of the units issued as a finder's fee pursuant to the same private placement. Each warrant is exercisable into one common share at an exercise price of $1.00 until January 8, 2023.

Pursuant to the private placement closed on January 8, 2021, 2,500 warrants were issued as a finder's fee; each warrant is exercisable into one common share at an exercise price of $0.20 until January 8, 2023.

The weighted-average remaining contractual life of warrants outstanding at March 31, 2021 was 2.94 years.

As at March 31, 2022, the Company had outstanding share purchase warrants as follows:

| Number of warrants | Exercise price | Expiry date |
|---:|---:|---:|
| 2,181,120 | $1.00 | December 17, 2022 |
| 8,582,778 | $1.00 | May 26, 2022 |
| 186,670 | $0.20 | December 17, 2022 |
| 223,050 | $1.00 | January 8, 2023 |
| 2,500 | $0.20 | January 8, 2023 |
| 1,240,000 | $0.20 | May 26, 2023 |
| 150,000 | $0.50 | May 26, 2024 |
| 1,375,000 | $1.35 | November 8, 2024 |
| 125,000 | $1.00 | November 8, 2024 |
| 1,439,143 | $1.00 | March 9, 2025 |
| 57,760 | $0.70 | March 9, 2025 |
| 659,141 | $1.00 | March 31, 2025 |
| 3,000,000 | $0.50 | December 21, 2025 |
| 200,000 | $0.90 | September 1, 2026 |
| 50,000 | $1.00 | May 26, 2023 |
| 250,000 | $2.00 | November 13, 2025 |
| **19,722,162** | | |

## 17. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties and related party transactions not disclosed elsewhere in these financial statements are summarized below:

(Expressed in Canadian dollars)

**Key management compensation**

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. Key management personnel comprise officers and directors of the Company.

Remuneration attributed to key management personnel for the years ended March 31, 2022 and 2021 were as follows:

| | | March 31, 2022 | | March 31, 2021 |
|---|---|---|---|---|
| Management fees | $ | 395,250 | $ | 35,000 |
| Professional fees | | - | | 83,444 |
| Salaries and benefits | | 47,524 | | - |
| Share-based payments | | 187,401 | | 166,324 |
| | $ | 630,175 | $ | 284,768 |

**Other compensation**

During the year ended March 31, 2022, the Company incurred salaries and wages of $52,685 and share-based payments of $3,090 (2021 - $nil) with an individual related to the President of the Company.

**Due to related parties**

As at March 31, 2022, due to related parties of 13,208 (2021 - $66,329) consisted of cash loans made to the Company by related parties and reimbursable expenses. These amounts are due on demand, unsecured and non-interest-bearing.

**Restricted Share Units**

Upon completion of the RTO on December 21, 2020, the Company granted 3,000,000 restricted share units ("RSU"s) to the President of the Company. The RSUs had a fair value of $0.20 at time of grant and expire in December 21, 2024 (the "Expiry Date"). The RSUs vest on revenue related performance conditions as follows:

a) 1,000,000 RSUs if in any rolling 12 months following the grant date of the RSUs until December 21, 2024, the annual gross sale revenues of the Company exceed $2,000,000;

b) 1,000,000 RSUs if in any rolling 12 months following the grant date of the RSUs until December 21, 2024, the annual gross sale revenues of the Company exceed $4,000,000; and

c) 1,000,000 RSUs if in any rolling 12 months following the grant date of the RSUs until December 21, 2024, the annual gross sale revenues of the Company exceed $8,000,000.

The performance conditions are not related to the market price of the equity instruments of the Company and, as a result, they are non-market performance conditions. Following the completion of the Beanfields acquisition on February 15, 2022. Management has determined that it is probable that gross sales will exceed $8,000,000 before the Expiry Date and therefore the Company has recognized a share-based payment expense of $66,000 in the period with a corresponding increase to reserves. During the year ended March 31, 2021, management has determined the probability that the Company will meet its performance targets is low so no share-based payments were recognized.

(Expressed in Canadian dollars)

## 18. ECONOMIC DEPENDENCE

For the year ended March 31, 2022, two key customers (2021 - two) contributed more than 10% to the Company's revenue for a total of $548,370 or 81% (2021 - $103,682 or 96%).

| | | 2022 | | 2021 |
|---|---|---|---|---|
| Customer A | $ | 180,378 | $ | 89,074 |
| Customer B | | 367,993 | | 14,608 |
| | $ | 548,370 | $ | 103,682 |

## 19. INCOME TAXES

The differences between tax recovery for the years ended March 31, 2022 and 2021, and the expected income tax recovery based on statutory rates, arise as follows:

| | | 2022 | | 2021 |
|---|---|---|---|---|
| Loss before income tax | $ | (8,063,588) | $ | (946,030) |
| Statutory tax rate | | 27% | | 27% |
| Expected tax recovery | | (2,177,000) | | (255,000) |
| Effect of foreign exchange and tax rates | | 17,000 | | - |
| Permanent and other differences | | 518,000 | | 52,000 |
| Share issuance costs | | (69,000) | | - |
| Change in unrecognized temporary differences | | 1,975,000 | | 199,000 |
| Other | | (264,000) | | 4,000 |
| Income tax recovery | $ | - | $ | - |

The nature and tax effect on the temporary differences giving rise to potential deferred tax assets at March 31, 2022 and 2021 are as follows:

| | | 2022 | | 2021 |
|---|---|---|---|---|
| Non-capital carryforwards | $ | 1,839,000 | $ | 325,000 |
| Property and equipment | | 16,000 | | - |
| Intangible assets | | 64,000 | | - |
| Share issue costs | | 56,000 | | - |
| | | 1,975,000 | | 325,000 |
| Less: unrecognized deferred tax assets | | (1,975,000) | | (325,000) |
| | $ | - | $ | - |

At March 31, 2022, the Company has accumulated Canadian non-capital losses of $6,642,000 (2021 - $725,000) and accumulated US non-capital losses of $218,000 (2021 - $nil) for income tax purposes which may be deducted in the calculation of taxable income in future years.

(Expressed in Canadian dollars)

These losses expire as follows:

| Expiry Year | | Amount |
|---|---|---|
| 2037 | $ | 33,000 |
| 2038 | | 126,000 |
| 2039 | | 133,000 |
| 2040 | | 108,000 |
| 2041 | | 325,000 |
| 2042 | | 6,135,000 |
| | $ | 6,860,000 |

The potential benefit of these non-capital loss carry-forwards has not been recognized in these financial statements as at March 31, 2022, since it is not considered probable that sufficient future taxable profit will allow the deferred assets to be recovered.

## 20. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern to support its business plan, as well as to ensure that the Company is able to meet its financial obligations as they become due. The capital structure consists of components of shareholders' equity and loans due to related parties.

The basis for the Company's capital structure is dependent on the Company's expected business growth and changes in business environment. To maintain or adjust the capital structure, the Company may issue new shares, incur debt or return capital to shareholders.

The Company does not presently utilize any quantitative measures to monitor its capital, but rather relies on the expertise of the Company's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable.

The Company is not subject to externally imposed capital requirements. There were no changes to the Company's approach to capital management during the years ended March 31, 2022 and 2021.

## 21. FINANCIAL INSTRUMENT RISK MANAGEMENT AND LIQUIDITY

The Company is exposed in varying degrees to a variety of financial instrument related risks. The main types of risk are credit risk, liquidity risk and market risk, which is the risk of loss that may arise from changes in market factors such as foreign currency exchange, interest rates and equity price risk. These risks arise throughout the normal course of operations and all transactions are undertaken as a going concern. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Management has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. Management reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, polices and processes for managing those risks or the methods used to measure them from previous reported periods unless otherwise stated in the note. The overall objective of management is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

**Credit risk**

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company is subject to credit risk on its cash and accounts receivable. The Company limits its exposure to credit loss on cash by placing its cash with a high-quality financial institution. The Company has concentrations of credit risk with respect to accounts receivable as large amounts of its accounts receivable are concentrated amongst a small number of customers. As at March 31, 2022, the Company has 81% (2021 - 95%) of its accounts receivable outstanding from two key customers.

The Company performs credit evaluations of its customers but generally does not require collateral to support accounts receivable. The Company has certain amounts of aged trade receivables that are not deemed impaired as follows:

| | 2022 | 2021 |
|---|---|---|
| 1 - 60 days | $ 234,559 | $ 39,965 |
| 61 - 90 days (past due) | 345 | 581 |
| Over 90 days (past due) | 9,461 | 1,369 |
| Total | $ 244,365 | $ 41,915 |

**Liquidity risk**

Liquidity risk arises from the Company's general and capital financing needs. The Company continuously monitors and reviews both actual and forecasted cash flows, and also matches the maturity profile of financial assets and liabilities, when feasible. The Company's trade and other payables are predominantly due within 90 days.

**Interest rate risk**

Interest rate risk is the risk that future cash flows will fluctuate because of changes in market interest rates. The interest earned on cash and cash equivalents is insignificant and the Company does not rely on interest income to fund its operations. The Company has an outstanding convertible promissory note at a fixed interest rate. As a result, the Company is not significantly exposed to interest rate risk.

**Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of a change in foreign exchange rates. The Company is primarily exposed to foreign currency risk related to the operations of its US subsidiary. The Company does not use derivative instruments to hedge its exposure to this risk.

The statements of financial position include the following amounts expressed in Canadian dollars with respect to financial assets and liabilities which are denominated in US dollars:

| | **2022** | 2021 |
|---|---|---|
| Accounts receivable and other receivables | $ **865,284** | $ - |
| Accounts payable and accrued liabilities | **698,646** | - |
| Promissory note | **490,967** | - |
| Total | $ **324,329** | $ - |

(Expressed in Canadian dollars)

### Fair Value

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of their issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.

The Company's financial instruments consist of cash and cash equivalents, trade receivables, accounts payable and accrued liabilities, convertible debt, lease liabilities, promissory note and due to related parties. Cash is measured at fair value on a recurring basis using level 1 inputs.

The carrying value of the Company's financial instruments carried at amortized cost approximate their fair values due to their short-term maturities.

## 22. SEGMENTED INFORMATION

The Companies reportable operating segments are distinct business units that offer different products within the food industry. The Company has four reportable operating segments: corporate, snacks, entrees, and appetizers. During the comparable period ended March 31, 2021, the company operated as a single operating segment.

| 2022 | Corporate ($) | Snacks ($) | Entrees ($) | Appetizers ($) | Total ($) |
|---|---|---|---|---|---|
| Sales | - | 382,815 | 203,835 | 97,394 | 684,044 |
| Net loss | 5,295,857 | 287,928 | 2,094,413 | 383,390 | 8,063,588 |
| Total assets | 637,550 | 9,924,611 | 407,246 | 96,211 | 11,065,618 |
| Capital expenditures | - | 6,977 | 63,694 | 23,287 | 93,958 |

Geographically, the Company has operated in Canada and the United States ("US") since the acquisition of Beanfields on February 11, 2022. The following is selected information for the year ended March 31, 2022 based on the geographic segments (no US operations during comparable period).

(Expressed in Canadian dollars)

| 2022 | Canada ($) | US ($) | Total ($) |
|---|---|---|---|
| Revenues | 301,229 | 382,815 | 684,044 |
| Net loss | 7,775,660 | 287,928 | 8,063,588 |
| Total assets | 1,141,007 | 9,924,611 | 11,065,618 |
| Capital expenditures | 86,981 | 6,977 | 93,958 |

## 23. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

| | | 2022 | | 2021 |
|---|---|---|---|---|
| Interest paid on debt | $ | 6,177 | $ | 658 |
| Fair value of shares issued on conversion of debt | | 63,000 | | - |
| Fair value of shares issued upon reverse take-over | | - | | 427,441 |
| Fair value of broker warrants | | 202,989 | | |
| Fair value of shares issued upon acquisition | | 7,859,010 | | - |
| Fair value of shares issued for services | | 175,000 | | 7,500 |
| Fair value of shares issued for acquisition transaction costs | | 394,800 | | - |

## 24. COMMITMENTS

On October 18, 2021, the Company entered into a marketing agreement for a monthly fee of $22,500 for a period of twelve months. As of March 31, 2022, $135,000 (2021 - $nil) is recorded in accounts payable and accrued liabilities.

On February 15, 2022, the Company entered into a compensation agreement consisting of a referral fee of US$92,000 and 564,000 common shares (issued) and a monthly fee of US$5,000 and 25,000 common shares for a period of one year. As of March 31, 2022, US$97,000 (CDN$121,211) (2021 - $nil) is recorded in accounts payable and accrued liabilities.

## 25. SUBSEQUENT EVENTS

a) On June 8, 2022, the Company entered into a mutual full and final release agreement with the contract CEO and agreed on a settlement payment of $125,000 through the issuance of 500,000 common shares at a deemed price of $0.25 per share.

b) On July 6, 2022, the Company completed a non-brokered private placement for gross proceeds of $170,000 through the issuance of 434,783 common shares a price of $0.23 and 350,000 common shares at a price of $0.20 per share.

c) On August 2, 2022, the British Columbia Securities Commission issued a Management Cease Trade Order (“MCTO”) under National Policy 12-203, following the Company's announcement on August 2, 2022 that it was unable to file its audited annual financial statements for the year ended March 31, 2022, and accompanying management's discussion and analysis, annual information form and related certifications on or before August 2, 2022, as required under applicable securities laws. The MCTO does not affect the ability of investors who are not insiders to trade in the securities of the Company.

d) On August 5, 2022, the Company entered into a settlement agreement with an arm's length third party for the settlement of $191,429 in debt for services previously provided through the issuance of 1,519,274 common shares at a deemed price of $0.126 per share.

e) On August 31, 2022, the Company entered into a settlement agreement with an arm’s length third party for the settlement of $55,630 in debt for services previously provided though the issuance of 927,154 common shares at a deemed price of $0.06 per share.

f) On September 16, 2022, the Company completed a secured convertible debenture financing for gross proceeds of $250,000. The convertible debt has a term of two years, bears interest at a rate of 10% and is convertible to common shares of the Company at a conversion price of $0.07 per share.