# PLANTX LIFE INC.

# (FORMERLY VEGASTE TECHONOLOGIES CORP.)

## Condensed Interim Consolidated Financial Statements

## For the six months ended September 30, 2020 and for the period from October 11, 2019 (date of incorporation) to March 31, 2020

## (EXPRESSED IN CANADIAN DOLLARS)

## (UNAUDITED)

## PlantX Life Inc. (formerly Vegaste Technologies Corp.)
**Condensed Interim Consolidated Statements of Financial Position**
**(Expressed in Canadian Dollars)**

| **As at** | | **September 30, 2020** | | **March 31, 2020** |
|---|---|---|---|---|
| | | (Unaudited) | | (Audited) |
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash | **$** | **1,965,813** | $ | 97,340 |
| Trade receivables | | **232,206** | | 13,862 |
| Sales taxes recoverable | | **116,414** | | 205 |
| Prepaid expenses (Note 6) | | **113,092** | | 8,257 |
| Due from related party (Note 9) | | **69,991** | | - |
| | | **2,497,516** | | 119,664 |
| Intangible assets (Note 8) | | **126,157** | | 132,796 |
| **Total assets** | **$** | **2,623,673** | $ | 252,460 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | | |
| **Current liabilities** | | | | |
| Accounts payable and accrued liabilities (Notes 7 and 9) | **$** | **697,277** | $ | 43,493 |
| Due to related party (Note 9) | | **-** | | 72,034 |
| | | **697,277** | | 115,527 |
| **Shareholders' equity** | | | | |
| Share capital (Note 10) | | **5,234,172** | | 471,444 |
| Reserves (Note 10) | | **942,752** | | 7,875 |
| Deficit | | **(4,250,528)** | | (342,386) |
| **Total shareholders' equity** | | **1,926,396** | | 136,933 |
| **Total liabilities and shareholders' equity** | **$** | **2,623,673** | $ | 252,460 |

Nature of Operations (Note 1)
Going Concern Assumption (Note 2)
Reverse Takeover Acquisition (Note 13)
Subsequent Events (Note 14)

Approved on behalf of the Board of Directors:

"Quinn Field-Dyte" (signed)
Quinn Field-Dyte, Director

"Lorne Rapkin" (signed)
Lorne Rapkin, Director

The notes to the condensed interim consolidated financial statements are an integral part of these statements.

## PlantX Life Inc. (formerly Vegaste Technologies Corp.)
**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**
**For the six months ended September 30, 2020 and for the period from October 11, 2019 (date of incorporation) to March 31, 2020**
**(Expressed in Canadian Dollars)**
**(Unaudited)**

| | | For the six months ended September 30, 2020 | | For the period from October 11, 2019 (date of incorporation) to March 31, 2020 |
|---|---|---|---|---|
| **Revenue** (Note 11) | **$** | **459,892** | $ | 1,349 |
| **Cost of sales** | | **(433,392)** | | - |
| | | **26,500** | | 1,349 |
| **Operating expenses** | | | | |
| Accounting and audit fees | | **28,762** | | 14,110 |
| Advertising and promotion | | **339,329** | | 151,767 |
| Amortization (Note 8) | | **6,639** | | - |
| Bad debt expense (Note 10) | | **25,517** | | - |
| Consulting and management expenses (Note 9) | | **254,389** | | 325,000 |
| General and administrative | | **44,340** | | 22,433 |
| Insurance expense | | **15,167** | | - |
| Legal fees | | **-** | | 20,931 |
| Salaries (Note 9) | | **29,665** | | - |
| Share-based compensation (Note 10) | | **929,153** | | 7,875 |
| Transfer agent and filing fees | | **21,392** | | - |
| Travel expenses | | **53,839** | | 48,230 |
| | | **(1,748,192)** | | (590,346) |
| **Other items** | | | | |
| Foreign exchange gain | | **4,878** | | **-** |
| Interest income | | **1,505** | | - |
| Listing expense (Note 13) | | **(2,192,833)** | | - |
| | | **(2,186,450)** | | |
| **Net loss and comprehensive loss for the period** | **$** | **(3,908,142)** | $ | (588,997) |
| **Basic and diluted loss per share** (Note 10) | **$** | **(0.10)** | $ | (0.04) |
| **Weighted average number of common shares outstanding - basic and diluted** | | **40,238,198** | | 14,546,544 |

The notes to the condensed interim consolidated financial statements are an integral part of these statements.

# PlantX Life Inc. (formerly Vegaste Technologies Corp.)
**Condensed Interim Consolidated Statements of Cash Flows**
**For the six months ended September 30, 2020 and for the period from October 11, 2019 (date of incorporation) to March 31, 2020**
**(Expressed in Canadian Dollars)**
**(Unaudited)**

| | | For the six months ended September 30, 2020 | | For the period from October 11, 2019 (date of incorporation) to March 31, 2020 |
|---|---|---|---|---|
| **Operating activities** | | | | |
| Net loss for the period | **$** | **(3,908,142)** | $ | (588,997) |
| Items not involving cash: | | | | |
| Bad debt expense | | **25,517** | | |
| Share-based compensation | | **929,153** | | 7,875 |
| Listing expense | | **1,846,654** | | - |
| Amortization of intangible asset | | **6,639** | | |
| Net changes in non-cash working capital: | | | | |
| Trade receivable | | **(121,555)** | | (13,862) |
| Sales taxes recoverable | | **(116,209)** | | (205) |
| Prepaid expenses | | **(104,835)** | | (8,257) |
| Accounts payable and accrued liabilities | | **197,415** | | 43,493 |
| Due from related party | | **(142,025)** | | 340,089 |
| **Net cash used in operating activities** | | **(1,387,388)** | | (219,864) |
| **Investing activities** | | | | |
| Intangible assets | | **-** | | (132,796) |
| Acquisition of PlantX Living | | **30,578** | | - |
| **Net cash provided by (used in) investing activities** | | **30,578** | | (132,796) |
| **Financing activity** | | | | |
| Proceeds from issuance of shares, net of issuance cost | | **3,225,283** | | 450,000 |
| **Net cash provided by financing activity** | | **3,225,282** | | 450,000 |
| **Net change in cash** | | **1,868,473** | | 97,340 |
| **Cash, beginning of period** | | **97,340** | | - |
| **Cash, end of period** | **$** | **1,965,813** | $ | 97,340 |
| **Supplemental disclosure:** | | | | |
| Shares issued in settlement of debt | **$** | **-** | $ | 21,444 |
| Shares issued for RTO acquisition | **$** | **1,517,652** | $ | - |

The notes to the condensed interim consolidated financial statements are an integral part of these statements.

## PlantX Life Inc. (formerly Vegaste Technologies Corp.)

**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity**
**(Expressed in Canadian Dollars)**
**(Unaudited)**

| | Common Share Capital | | | | |
|---|---|---|---|---|---|
| | **Number of Shares** | **Amount** | **Contributed Surplus** | **Accumulated Deficit** | **Total** |
| **Balance, October 11, 2019 (date of incorporation)** | **-** | **$ -** | **$ -** | **$ -** | **$ -** |
| Shares issued from private placements (Note 10) | 22,500,000 | 450,000 | - | - | 450,000 |
| Shares issued in settlement of debt (Notes 9 and10) | 1,072,220 | 21,444 | - | 246,611 | 268,055 |
| Share-based compensation (Note 10) | - | - | 7,875 | - | 7,875 |
| Net and comprehensive loss | - | - | - | (588,997) | (588,997) |
| **Balance, March 31, 2020** | **23,572,220** | **471,444** | **7,875** | **(342,386)** | **136,933** |
| Shares issued from private placements (Note 10) | 24,819,200 | 3,264,800 | - | - | 3,264,800 |
| Eliminated PlantX Living shares (Note 13) | (35,572,220) | - | - | - | - |
| PlantX Life number of shares - post consolidation (Note 10) | 2,513,394 | - | - | - | - |
| Shares issued for RTO acquisition (Notes 10 and 13) | 39,129,442 | 1,517,652 | - | - | 1,517,652 |
| Share issuance costs - cash (Note 10) | - | (14,000) | - | - | (14,000) |
| Finders' warrants (Note 10) | - | (5,724) | 5,724 | - | - |
| Share-based compensation (Notes 9 and 10) | - | - | 929,153 | - | 929,153 |
| Net and comprehensive loss | - | - | - | (3,908,142) | (3,908,142) |
| **Balance, September 30, 2020** | **54,462,036** | **$ 5,234,172** | **$ 942,752** | **$ (4,250,528)** | **$ 1,926,396** |

The notes to the condensed interim consolidated financial statements are an integral part of these statements.

## 1. Nature of Operations

PlantX Life Inc. (formerly Winston Resources Inc.) ("PlantX" or the "Company") is incorporated under the laws of the province of British Columbia. PlantX was an exploration stage company engaged in the acquisition and exploration of mineral resource properties in Canada.

On August 5 2020, the Company completed the acquisition of PlantX Living Inc. (formerly PlantX Life Inc.) ("PlantX Living") and consolidated its common shares on the basis of one post-consolidation share for ten pre-consolidation shares and changed its name from "Winston Resources Inc." to "Vegaste Technologies Corp.". The acquisition is a reverse takeover transaction, and the Company carried on the business of PlantX Living (note 13). On September 28, 2020, the Company changed its name to "PlantX Life Inc."

PlantX is a reporting issuer in the jurisdictions of British Columbia, Alberta and Ontario whose common shares are listed for trading on the Canadian Securities Exchange ("CSE") under the new symbol "VEGA". The head office of the Company is located at 504-100 Park Royal South West Vancouver, BC, V7T 1A2, Canada.

## 2. Going Concern Assumption

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern under International Financial Reporting Standards ("IFRS"). The use of these principles under IFRS assumes that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge its liabilities in the normal course of operations. The Company continues to incur operating losses, which casts significant doubt about the Company's ability to continue as a going concern.

Management's current strategy is careful cost control while pursuing opportunities within various market sectors. Management recognizes the Company's need to increase its cash reserves if it intends to adhere to its plans and has evaluated its potential sources of funds. Although management intends to assess and act on these options throughout the course of the year, there can be no assurance that the steps management take will be successful.

In the event that cash flow from operations, together with the proceeds from any future financings are insufficient to cover planned expenditures, management will allocate available resources in such manner as deemed to be in the Company's best interest. This may result in a significant reduction in the scope of existing and planned operations.

As at September 30, 2020, the Company has generated a minimal revenue and has a deficit of $4,250,528 (March 31, 2020 - $342,386). The Company is actively seeking additional sources of financing. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of uncertainties related to events or conditions that may cast significant doubt upon its ability to continue as a going concern that these uncertainties are material and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

Accordingly, these condensed interim consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore to realize its assets and discharge its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying condensed interim consolidated financial statements. These adjustments could be material.

Since March 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which included the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruptions to business globally in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time.

## 3. Statement of Compliance and Basis of Presentation

### (a) Statement of compliance

These condensed interim consolidated financial statements 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 Interpretations Committee ("IFRIC"). The condensed interim 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 condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. These consolidated financial statements were approved by the Board of Director on November 30, 2020.

### (b) Basis of presentation

These condensed interim consolidated financial statements have been prepared on a going concern basis, under the historical cost convention, except for certain financial instruments which may be carried at fair value and have been prepared using the accrual basis of accounting, except for cash flow information. These condensed interim consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency. All values are rounded to the nearest dollar unless otherwise indicated.

### (c) Basis of consolidation

These condensed interim consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control exists when the Company has power over an investee, exposure or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Company's returns.

These condensed interim consolidated financial statements include the financial statements of the Company and its significant subsidiaries listed in the following table:

| Name | Country of incorporation | % equity interest as at September 30, 2020 |
|---|---|---|
| Vegaste Technologies US Corp. ("Vegaste") | US | 100% |
| PlantX Living | Canada | 100% |

All intercompany transactions, balances and any unrealized gains and losses from intercompany transactions are eliminated on consolidation.

## 4. Significant Accounting Policies

### (a) Use of estimates and judgments

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

## 4. Significant Accounting Policies (Continued)

### (a) Use of estimates and judgments (continued)

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments and, the recoverability and measurement of deferred tax assets.

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include the assessment of the Company's ability to continue as a going concern.

### (b) Foreign currency translation

The functional currency of an entity is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Canadian dollars which is the Company's functional and presentation currency.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

### (c) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. All financial instruments are initially recorded at fair value, adjusted for directly attributable transaction costs. The Company determines each financial instrument's classification upon initial recognition. Measurement in subsequent periods depends on the financial instrument's classification.

<u>Classification</u>
The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

## 4. Significant Accounting Policies (Continued)

### (c) Financial instruments (continued)

Measurement

*Financial assets at FVTOCI*

Elected investments in equity investments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive loss and never reclassified to profit and loss. The Company has no financial assets classified as FVTOCI.

*Financial assets and liabilities at amortized cost*

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment. The Company's financial assets and liabilities at amortized cost include trade receivable, due from related party, accounts payable and due to related party.

*Financial assets and liabilities at FVTPL*

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transactions costs expensed in the statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are recorded in the statements of comprehensive loss in the period in which they arise. Cash is classified as FVTPL.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset's credit risk has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve-month expected credit losses. The Company shall recognize in the statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

*Financial assets*

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of comprehensive loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

*Financial liabilities*

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of comprehensive loss.

## 4. Significant Accounting Policies (Continued)

### (d) Loss per share

Basic loss per share is calculated by dividing the net loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the weighted average number of common shares outstanding for the effects of dilutive instruments such as options granted to employees. The effects of anti-dilutive potential units are ignored in calculating diluted earnings per share. All options and warrants are considered anti-dilutive when the Company is in a loss position.

### (e) Intangible assets

The Company's intangible assets consist of a finite life intangible asset that is recorded at cost less accumulated depreciation and accumulated impairment losses. Finite life intangible assets are amortized once they are in use on a straight-line basis over their estimated useful lives. The Company's intangible asset is amortized over its estimated useful life of 5 years.

### (f) Impairment of non-financial assets

The carrying amount of the Company's non-financial assets (which include intangible 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 comprehensive loss.

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 previous years.

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

### (g) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

### (h) Warrants

When the Company issues units that are comprised of a combination of shares and warrants, the value is assigned to shares and warrants based on their relative fair values. The fair value of the shares is determined by the closing price on the date of the transaction and the fair value of the warrants is determined based on the Black-Scholes Option Pricing Model.

## 4. Significant Accounting Policies (Continued)

### (i) Share-based compensation

The Company grants stock options to directors, officers, employees and consultants. Share-based compensation is measured on the grant date at the fair value of equity instruments issued, using the Black-Scholes Option Pricing Model and is recognized over the vesting periods. A corresponding increase in share-based payment reserve is recorded when stock options are expensed. When stock options are exercised, share capital is credited by the sum of the consideration paid and the related portion of share-based compensation previously recorded in contributed surplus. Share-based compensation arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity settled share-based payment transactions and measured at the fair value of goods or services received. If the fair value of the goods or services received cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

### (j) Income taxes

<u>Current income tax</u>:
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

<u>Deferred income tax</u>:
Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

### (k) Revenue

The Company adopted all requirements of IFRS 15 Revenue from Contracts with Customers (“IFRS 15”) as of January 1, 2018. IFRS 15 utilizes a methodical framework for entities to follow to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

## 4. Significant Accounting Policies (Continued)

### (k) Revenue (continued)

The IFRS 15 model contains the following five-step contract-based analysis of transactions guiding revenue recognition:

1. Identify the contract with a customer;
2. Identify the performance obligation(s) in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligation(s) in the contract; and
5. Recognize revenue when or as the Company satisfies the performance obligation(s).

Revenue comprises the fair value of consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of returns and discounts.

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue when it transfers control over a good or service to a customer.

The Company operates a website where customers can purchase high-quality plant-based food and beverage products from various suppliers and also distributes these products through wholesale arrangements. The Company's primary sources of revenue are sales made through its website, wholesale arrangements and sales made directly to restaurants and grocery stores.

The Company transfers control and satisfies its performance obligation when the plant-based food and beverage products are delivered and accepted by its customers.
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### (l) Future accounting pronouncements

There are no other IFRS or International Financial Reporting Interpretations Committee interpretation that are not yet effective that are expected to have a material impact on the Company's financial statements.

## 5. Risk Management and Financial Instruments

The Company's financial instruments consist of cash, accounts receivable, amounts due to related party, and accounts payable and accrued liabilities. The carrying values of the financial instruments approximate fair value due to the short-term nature of these instruments. Fair value of financial assets and liabilities, information related to risk management positions and discussion of risks associated with financial assets and liabilities are presented as follows:

**Fair value**

IFRS 13 establishes a fair value hierarchy that reflects the significance of inputs used in making fair value measurements as follows:

Level 1 quoted prices in active markets for identical assets or liabilities;
Level 2 inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. from derived prices); and
Level 3 inputs for the asset or liability that are not based upon observable market data.

As at September 30, 2020, the carrying value of the Company's financial instruments approximates their fair value due to their short terms to maturity. The fair value of cash was determined using level 1 inputs.

**(Expressed in Canadian Dollars)**

## 5. Risk Management and Financial Instruments (Continued)

### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's primary exposure to credit risk is in its cash accounts and trade receivable. The Company manages credit risk, in respect of cash, by placing cash at major Canadian financial institutions. Accounts receivable mainly consists of receivables from its customers. At September 30, 2020, 99% of the Company's accounts receivable were from one customer. The Company considers that no bad provision for the trade receivable is necessary based on the current business situation of its debtors at the reporting date.

### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due. At September 30, 2020, the Company had a cash balance of $1,965,813 and current liabilities of $697,277. All of the Company's financial liabilities have contractual maturities of less than 90 days. The Company is not exposed to liquidity risk.

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on capital. As at September 30, 2020, the Company is not exposed to significant market risk.

## 6. Prepaid Expenses

| | | **As at September 30, 2020** | | As at March 31, 2020 |
|---|---|---|---|---|
| Insurance | **$** | **75,833** | $ | - |
| Legal | | **25,000** | | |
| Office | | **8,227** | | 8,257 |
| Advertising and promotion | | **4,032** | | - |
| | **$** | **113,092** | $ | 8,257 |

**(Expressed in Canadian Dollars)**

## 7. Accounts Payable and Accrued Liabilities

| | | **As at September 30, 2020** | | As at March 31, 2020 |
|---|---|---|---|---|
| Accounts payable (Note 9) | **$** | **681,277** | $ | 38,493 |
| Accrued liabilities | | **16,000** | | 5,000 |
| | **$** | **697,277** | $ | 43,493 |

## 8. Intangible Assets

| | | **Website** |
|---|---|---|
| Cost: | | |
| Website development costs incurred | $ | 132,796 |
| As at September 30, 2020 and March 31, 2020 | $ | 132,796 |
| | | |
| Amortization: | | |
| As at March 31, 2020 | $ | - |
| Addition | | 6,639 |
| As at September 30, 2020 | $ | 6,639 |
| | | |
| Net book value: | | |
| As at March 31, 2020 | | 132,796 |
| As at September 30, 2020 | $ | 126,157 |

## 9. Related Party Transactions

The following transactions occurred between related parties during the six months ended September 30, 2020 and the period from October 11, 2019 (date of incorporation) to March 31, 2020:

| | | **Six months ended September 30, 2020** | | Period from October 11, 2019 (date of incorporation) to March 31, 2020 |
|---|---|---|---|---|
| Salaries paid to CEO | **$** | **18,796** | $ | - |
| Consulting fees paid to CEO | | **1,325** | | - |
| Consulting fees paid to a director | | **6,000** | | - |
| Consulting fees paid to the founder of the Company | | **30,325** | | 220,000 |
| | **$** | **56,446** | $ | 220,000 |

On March 24, 2020, the Company issued 1,072,220 common shares in settlement of debt to the founder of the Company of $268,055 (Note 10).

On August 10, 2020, the Company granted 1,747,036 stock options to related parties of the Company and recorded share-based compensation of $294,720 (Note 10).

## 9. Related Party Transactions (Continued)

As at September 30, 2020, the Company has $69,991 (March 31, 2020 - $72,034 due to) due from the founder of the Company. The amount is non-interest bearing, unsecured and has no fixed terms of repayment.

As at September 30, 2020, included in the accounts payable and accrued liabilities is $750 (March 31, 2020 -$Nil) owing to a director of the Company. The amount is non-interest bearing, unsecured and has no fixed terms of repayment.

## 10. Share Capital and Reserves

### Share capital

The Company's authorized share capital consists of:

- an unlimited number of common shares without par value; and
- an unlimited number of preferred shares without special rights or restrictions attached.

On August 5, 2020, in connection with the completion of the reverse takeover acquisition, the Company consolidated its common shares on the basis of one post-consolidation share for ten pre-consolidation shares (Note 13).

As at September 30, 2020, the Company had 54,462,036 (March 31, 2020 - 23,572,220) common shares outstanding.

*During the six months period ended September 30, 2020:*

On August 5, 2020, the Company issued a total of 39,129,442 common shares at a fair value of $1,517,652 related to the reverse takeover acquisition of PlantX Living. In connection with the acquisition, the Company closed a private placement of 12,819,200 common shares at a price of $0.25 per share for total gross proceeds of $3,204,800 (Note 13).

In addition, the Company also closed a seed round financing of 12,000,000 common shares at a price of $0.005 per share for total gross proceeds of $60,000.

During the six months period ended September 30, 2020, the Company incurred in $14,000 issuance cost and issued 36,000 finders' warrants for a fair value of $5,724.

The Company wrote off subscription receivable for $25,517 during the six months period ended September 30, 2020.

*During the period from October 11, 2019 (date of incorporation) to March 31, 2020:*

On November 29, 2019, the Company issued 9,500,000 common shares at a price of $0.02 per share.

On December 20, 2019, the Company issued 13,000,000 common shares at a price of $0.02 per share.

On March 24, 2020, the Company issued 1,072,220 common shares with a fair value of $21,444 in settlement of debt of $268,055, resulting in a gain of $246,611, which was recognized in deficit (Note 9).

**(Expressed in Canadian Dollars)**

## 10. Share Capital and Reserves (Continued)

### Basic and diluted loss per share

The calculation of basic and diluted loss per share for the six months ended September 30, 2020 was based on the loss attributable to common shareholders of $3,908,142 (period from October 11, 2019 (date of incorporation) to March 31, 2020 - $588,997) and the weighted average number of common shares outstanding of 40,238,198 (period from October 11, 2019 (date of incorporation) to March 31, 2020 - 14,546,544).

### Stock options

The Company has a stock option plan in place under which the Board of Directors may grant options to acquire common shares of the Company to qualified directors, officers, employees and other service providers. The stock options vest according to the provisions of the individual option agreements approved by the directors' resolutions and have a maximum life of ten years. The plan allows for the issuance of up to 10% of the number of issued and outstanding common shares of the Company at any time on a non-diluted basis.

On December 20, 2019, PlantX Living granted 1,500,000 stock options, which are exercisable at $0.10 for a period of two years until December 20, 2021. The fair value of the stock options was estimated to be $7,875 and was determined using the Black-Scholes Option Pricing Model and the following weighted average assumptions: share price of $0.02, expected share price volatility of 116%, expected life of two years and risk-free interest rate of 1.67%. The expected volatility is based on historical prices of comparable companies within the same industry due to the lack of historical pricing information for the PlantX Living.

On August 10, 2020, the Company granted 3,962,036 stock options to the Company's officers, consultants, and advisors. The stock options are exercisable at $0.25 for a period of five years until August 10, 2025. 300,000 of the stock options has a vesting term of two years on quarterly basis and 3,662,036 of the stock options has a vesting term of one year on quarterly basis. The fair value of the stock options was estimated to be $4,783,534 using the Black-Scholes Option Pricing Model and the following weighted average assumptions: expected life – 5 years; annualized volatility – 145.89%; risk-free interest rate – 0.27%; dividend rate – 0%. The expected volatility is based on historical prices of comparable companies within the same industry due to the lack of historical pricing information for the Company. The Company recognized $643,080 in share-based compensation during the six months ended September 30, 2020.

A summary of the Company's outstanding stock options as at September 30, 2020 is as follows:

| | Number of Options | Weighted Average Exercise Price |
|---|---|---|
| Outstanding, October 11, 2019 (date of incorporation) | - | $ - |
| Granted | 1,500,000 | 0.10 |
| Outstanding, March 31, 2020 | 1,500,000 | 0.10 |
| Replaced* | (1,500,000) | - |
| Granted* | 1,500,000 | 0.10 |
| Granted | 3,962,036 | 0.25 |
| Outstanding, September 30, 2020 | 5,462,036 | $ 0.21 |

*On August 5, 2020, the Company granted 1,500,000 replacement stock options to certain directors and officers pursuant to the reverse takeover acquisition with PlantX Living (Note 13). The stock options are exercisable for common shares of the Company at an exercise price of $0.10 per share until August 5, 2022. The fair value of the new stock options was estimated to be $293,949 which is higher than the fair value recognized as of the original issuance of stock options. As a result, the Company recognized an additional $286,073 in share-based compensation during the six months ended September 30, 2020 for this amendment (Note 13).

**(Expressed in Canadian Dollars)**

## 10. Share Capital and Reserves (Continued)

The fair value was determined using the Black-Scholes Option Pricing Model at the amendment date with the following assumptions: share price of $0.25; expected life – 2 years; annualized volatility – 128.15%; risk-free interest rate – 0.23%; dividend rate – 0%.

The following summarizes information about stock options outstanding and exercisable at September 30, 2020:

| Expiry date | Options outstanding and exercisable | Exercise price | Remaining life (year) |
|---|---|---|---|
| August 5, 2022 | 1,500,000 | $ 0.10 | 1.85 |
| August 10, 2025 | 3,962,036 | $ 0.25 | 4.86 |

### Warrants

On August 5, 2020, in connection with the completion of the reverse takeover acquisition, the Company issued 36,000 finders' warrants (note 13). The fair value of the warrants was estimated to be $5,724 using the Black-Scholes Option Pricing Model and the following assumptions: expected life – 2 years; annualized volatility – 128.15%; risk-free interest rate – 0.23%; dividend rate – 0%.(note 13)

A summary of the Company's outstanding warrants as at September 30, 2020 is as follows:

| | Number of Warrants | Weighted Average Exercise Price |
|---|---|---|
| Outstanding, October 11, 2019 (date of incorporation) and March 31, 2020 | - | $ - |
| Issued | 36,000 | 0.25 |
| Outstanding, September 30, 2020 | 36,000 | $ 0.25 |

The following summarizes information about warrants outstanding and exercisable at September 30, 2020:

| Expiry date | Warrants outstanding | Exercise price | Remaining life (year) |
|---|---|---|---|
| August 5, 2022 | 36,000 | $ 0.25 | 1.85 |

**(Expressed in Canadian Dollars)**

## 11. Revenue and Geographic Information

Revenues consist of fees for connecting a wholesale customer to a supplier of plant-based food and beverage products. During the six months ended September 30, 2020, 91% (period from October 11, 2019 (date of incorporation) to March 31, 2020 - 100%) of revenues were earned from one customer.

Revenue derived from customers located in the following geographic areas:

| | For the six months ended September 30, 2020 | For the period from October 11, 2019 (date of incorporation) to March 31, 2020 |
|---|---|---|
| United States | 459,186 | $ 1,349 |
| Canada | 706 | - |
| | 459,892 | $ 1,349 |

On September 14, 2020, the Company entered into a partnership agreement (the "Agreement") with Liv Marketplace LLC (“Liv Marketplace”) whereby Liv Marketplace will serve as the exclusive online fulfillment partner and retail distributor of the Company's products in the United States. In addition, Liv Marketplace will establish and operate retail stores, coffee shops and cafes in the United States under the PlantX name beginning with the Company's first store location in San Diego, California that is scheduled to open on December 1, 2020.

Liv Marketplace pays the Company a 6% royalty on the gross revenue generated under the Agreement. The Company recognized $419,934 revenues for this partnership, which it is equivalent of 91% of the total revenues, during the six moths period ended September 30, 2020.

## 12. Capital Risk Management

The Company’s objective when managing capital is to safeguard the Company’s ability to continue as a going concern. The Company considers the items included in shareholders’ equity as capital. The Company’s primary source of capital comes from the issuance of capital stock.

The Company manages and adjusts its capital structure when changes in economic conditions occur. To maintain or adjust the capital structure, the Company may seek to additional funding through issuance of new shares or new debt. The Company may require additional capital resources to meet its administrative overhead expenses in the long term. The Company believes it will be able to raise capital as required in the long-term but recognizes there will be risks involved that may be beyond its control. The Company is not subject to external capital requirements.

**(Expressed in Canadian Dollars)**

## 13. Reverse Takeover Acquisition of PlantX Living.

On August 5, 2020, the Company completed a reverse takeover acquisition transaction with PlantX Living. In connection with the transaction, the Company consolidated its common shares on the basis of one post-consolidation share for ten pre-consolidation shares and changed its name to Vegaste Technologies on July 19, 2020. The transaction constitutes a fundamental change pursuant to Policy 8, Fundamental Changes and Change of Business of the Canadian Securities Exchange, and the Company will carry on the business of PlantX Living, which is now a wholly owned subsidiary of the Company.

The Company acquired all of the issued and outstanding shares of PlantX Living through an amended and restated share exchange agreement dated July 10, 2020, as amended on July 29, 2020, among the Company, PlantX Living and all of the shareholders of PlantX Living. Pursuant to the transaction, the Company issued to the shareholders of PlantX Living an aggregate of 35,572,220 common shares (Note 10). Outstanding stock options of PlantX Living by their terms became exercisable for an aggregate of 1,500,000 common shares.

In connection with the transaction, the Company issued 3,557,222 common shares to an arm's-length finder at a deemed price of $0.25 per common share as finders' fees (Note 10).

In addition, the Company closed a non-brokered private placement of 12,819,200 common shares at a price of $0.25 per share for total gross proceeds of $3,204,800 (Note 10). The Company paid $14,000 and issued 36,000 finders' warrants with a fair value of $5,724, as finders' fees.

The Company does not meet the definition of a business, therefore the transaction is outside of the scope of IFRS 3 *Business Combinations*. Instead, the transaction will be accounted for under IFRS 2 *Share-based Payment*. Under this basis of accounting, the consolidated entity is considered to be a continuation of PlantX Living with the net identifiable assets of the Company deemed to have been acquired by PlantX Living. The results of operations from the Company are included in the financial statements since the date of acquisition.

The following table summarizes the consideration paid and the fair value of the identifiable assets acquired, and liabilities assumed as of the date of acquisition:

| | | |
|---|---|---|
| Fair value of consideration (6,070,606 shares at $0.25 per share) * | $ | 1,517,652 |
| Allocated as follows: | | |
| Identified fair value of net assets: | | |
| Cash | | 30,578 |
| GST recoverable | | 96,789 |
| Due from PlantX Living | | 38,850 |
| Accounts payable and accrued liabilities | | (495,219) |
| Net liabilities assumed | | (329,002) |
| | | 1,846,654 |
| Transaction costs | | 346,179 |
| **Listing expense** | **$** | **2,192,833** |

*The fair value of the 6,070,606 shares issued was estimated to be $0.25 per share using the price of the concurrent private placement.

## 14. Subsequent Events

### Acquisition of Bloombox Club Ltd

On November 6, 2020, the Company completed its acquisition of Bloombox Club Limited ("Bloombox Club UK") a leading UK-based e-commerce platform that sells and delivers indoor plants to their established wellness community via subscription service and online shop. Pursuant to the acquisition, the Company acquired Bloombox Club UK for an aggregate purchase price of £8 million to be satisfied by a combination of £560,000 in cash and £7,440,000 in common shares in the capital of the Company ("Common Shares"). An aggregate of 10,782,559 Common Shares were issued as consideration based on a deemed price of C$1.17 per share, that being equal to the immediately preceding 10 day volume weighted average trading price of the Common Shares (the "Consideration Share Price"). The Company will assume a £50,000 10 year UK government loan bearing a 2.5% interest rate as a result of the transaction. Upon completion of the transaction, the Company paid a financial advisory fee equal to 10% of the value of the transaction to an arm's length, third party financial advisor for its assistance in introducing, evaluating, and structuring the transaction for the Company. The fee was satisfied by a combination of cash and Common Shares of which an aggregate of 1,043,473 Common Shares at a deemed price per share equal to the Consideration Share Price was issued to the advisor upon closing of the transaction.

### Stock Options

Subsequent to September 30, 2020 the Company issued 35,000 common shares related to the exercise of 35,000 options at exercise price of $0.25.

### Proposal for the Acquisition of Score Enterprises Ltd.

On November 27, 2020, the Company entered into a share purchase agreement to acquire Score Enterprises Ltd., a privately-held British Columbia company which carries on the business, including café, restaurant, food truck and operations, of the Squamish-based “Cloudburst Café”, “Locavore Food Truck” and the “Locavore Bar & Grill”. The restaurant location will be redesigned as the PlantX Canadian flagship brick and mortar shop.

Pursuant to the acquisition, the Company will acquire all of the issued and outstanding shares of Score Enterprises Ltd., for a purchase price of $1,350,000, which will be satisfied by the payment of $327,435 in cash and the issuance of 1,897,152 common shares of the Company at an issue price per share equal to $0.539, that being the 10 day volume weighted average trading price of the common shares. This transaction has not been completed at this reporting date.