

GENERAL ASSEMBLY HOLDINGS LIMITED

Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2022 and 2021
(expressed in Canadian Dollars)

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GENERAL ASSEMBLY HOLDINGS LIMITED
Condensed Interim Consolidated Statements of Financial Position
(expressed in Canadian dollars - unaudited)

	Note	As at March 31, 2022	As at December 31, 2021
ASSETS			
Current assets			
Cash and cash equivalents		\$ 681,584	\$ 1,259,395
Amounts receivable	5	1,521,749	789,240
Inventory	6	454,866	389,434
Prepaid expenses and deposits	7	18,022	151,563
Due from related parties	22	54,561	54,561
Total current assets		2,730,782	2,644,193
Non-current assets			
Prepaid expenses and deposits	7	434,746	293,933
Right-of-use assets	8	4,422,512	4,708,415
Property and equipment	9	3,847,087	3,917,870
Total non-current assets		8,704,345	8,920,218
Total assets		\$ 11,435,127	\$ 11,564,411
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current liabilities			
Accounts payable and accrued liabilities	10	\$ 2,815,883	\$ 2,580,242
Unearned revenue		39,540	55,796
Current portion of lease liability	11	533,803	528,639
Current portion of loans	12	215,448	32,019
Derivative warrant liability	14	1,200,414	1,155,260
Current portion of promissory note	13	187,957	—
Total current liabilities		4,993,045	4,351,956
Long-term liabilities			
Lease liability	11	4,242,761	4,441,031
Loans	12	3,248,600	2,668,541
Promissory note	13	1,602,043	—
Total long-term liabilities		9,093,404	7,109,572
Total liabilities		14,086,449	11,461,528
Shareholders' equity (deficiency)			
Share capital	16	9,449,999	9,449,999
Warrants	17	3,764,161	3,386,358
Contributed surplus	17	881,245	1,075,300
Deficit		(16,746,727)	(13,808,774)
Total shareholders' equity (deficiency)		(2,651,322)	102,883
Total liabilities and shareholders' equity (deficiency)		\$ 11,435,127	\$ 11,564,411

Nature of operations and going concern (note 1)

Subsequent events (note 23)

Approved on behalf of the Board:

/s/ Ted Hastings

Ted Hastings, Director and
Chairman of the Board

/s/ Ali Khan Lalani

Ali Khan Lalani, Director and
CEO

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

GENERAL ASSEMBLY HOLDINGS LIMITED

Condensed Interim Consolidated Statement of Loss and Comprehensive Loss

For the three months ended March 31, 2022 and 2021

(expressed in Canadian dollars - unaudited)

	Note	Three Months Ended March 31,	
		2022	2021
Revenue	19	\$ 1,096,779	\$ 1,072,339
Expenses			
Procurement expense	20	775,935	516,632
Fulfillment expense	20	440,025	327,949
General and administrative expense	20	2,123,620	1,143,122
Sales and marketing expense	20	334,250	497,979
Total Expenses		3,673,830	2,485,682
Operating Loss		(2,577,051)	(1,413,343)
Other (income) expense:			
Finance expense	11,12	258,188	27,955
Foreign exchange		3,411	—
Loss on termination of leases	8	14,149	—
Remeasurement of derivative warrant liability	14	45,154	4,048,914
Remeasurement of promissory note	13	40,000	—
Total other (income) expense		360,902	4,076,869
Income (loss) before income taxes		(2,937,953)	(5,490,212)
Provision (benefit) for income taxes		—	—
Net income (loss) and comprehensive income (loss)		\$ (2,937,953)	\$ (5,490,212)
Loss and comprehensive loss per share - basic and diluted		\$ (0.13)	\$ (0.28)
Weighted average number of shares outstanding - basic and diluted		22,348,744	19,275,195

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

GENERAL ASSEMBLY HOLDINGS LIMITED
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
For the three months ended March 31, 2022 and 2021
(expressed in Canadian dollars - unaudited)

	Share Capital					
	Common shares Number	Common shares Amount	Warrants	Contributed Surplus	Deficit	Total
Balance – December 31, 2020	13,372,854	\$ 1,612,051	\$ 626,590	\$ 15,168	\$ (3,210,443)	\$ (956,634)
Issuance of units in connection with the Series A Financing, net of issuance costs	2,249,939	735,081	116,488	—	—	851,569
Issuance of units in February 2021 in connection with the Going Public Financing, net of issuance costs	5,787,583	7,153,670	1,333,643	—	—	8,487,313
Issuance of units in connection with the conversion of debt	437,229	635,303	121,106	—	—	756,409
Issuance of common shares in connection with finders fees	210,658	—	—	—	—	—
Issuance of units in April 2021 in connection with the Going Public Financing, net of issuance costs	290,481	421,984	80,441	—	—	502,425
Issuance of advisory warrants	—	(668,383)	668,383	—	—	—
Issuance of Series A advisory warrants	—	(80,956)	80,956	—	—	—
Issuance of Going Public advisory warrants	—	(51,504)	51,504	—	—	—
Issuance of Broker Warrant units	—	(307,247)	307,247	—	—	—
Promissory Note Warrants to be issued	—	—	—	377,803	—	377,803
Stock based compensation	—	—	—	682,329	—	682,329
Net loss and comprehensive loss	—	—	—	—	(10,598,331)	(10,598,331)
Balance – December 31, 2021	22,348,744	9,449,999	3,386,358	1,075,300	(13,808,774)	102,883
Promissory Note Warrants issued	—	—	377,803	(377,803)	—	—
Stock based compensation	—	—	—	183,748	—	183,748
Net loss and comprehensive loss	—	—	—	—	(2,937,953)	(2,937,953)
Balance – March 31, 2022	22,348,744	9,449,999	3,764,161	881,245	(16,746,727)	(2,651,322)

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

GENERAL ASSEMBLY HOLDINGS LIMITED
Condensed Interim Consolidated Statements of Cash Flows
For the three months ended March 31, 2022 and 2021
(expressed in Canadian dollars - unaudited)

		Three Months Ended March 31,	
	Note	2022	2021
Cash flows from operating activities			
Net loss		\$ (2,937,953)	\$ (5,490,212)
Changes in non-cash operating items:			
Stock based compensation	17	183,748	45,427
Depreciation	8,9	398,283	86,624
Remeasurement of derivative warrant liability	14	45,154	4,048,914
Interest expense on loans and lease liability	11,12	252,876	27,955
Loss on termination of leases	8	14,149	—
Remeasurement of promissory note	13	40,000	
Changes in non-cash working capital			
Inventory		(65,432)	(4,124)
Amounts receivable		(50,906)	(78,445)
Prepaid expenses and deposits		137,216	(163,884)
Unearned revenue		(16,256)	48,284
Accounts payable and accrued liabilities		408,433	605,571
Net cash used in operating activities		(1,590,688)	(873,890)
Cash flows from financing activities			
Lease payments	11	(249,998)	(86,543)
Net proceeds from Series A financing, net of issuance costs	16	—	851,569
Net proceeds from Going Public financing, net of issuance costs	16	—	8,487,313
Net proceeds from sale and leaseback	12	560,215	—
Proceeds from promissory note	13	1,000,000	—
Repayment of loans	12	(15,889)	(87,500)
Net cash provided by financing activities		1,294,328	9,164,839
Cash flows from investing activities			
Acquisition of property and equipment	8	(281,451)	(559,206)
Net cash used in investing activities		(281,451)	(559,206)
Change in cash and cash equivalents during the period		(577,811)	7,731,743
Cash and cash equivalents – beginning of period		1,259,395	878,505
Cash and cash equivalents – end of period		\$ 681,584	\$ 8,610,248
Supplemental disclosure of non-cash transactions			
Additions to right-of-use assets under leases	8	—	3,901,056

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

GENERAL ASSEMBLY HOLDINGS LIMITED
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2022 and 2021
(expressed in Canadian dollars - unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

General Assembly Holdings Limited (the "Company" or "GA") is a corporation incorporated on June 30, 2017, in the province of Ontario. The Company's operating subsidiary, 2499754 Ontario Limited ("249"), operating as General Assembly Pizza, was incorporated on January 12, 2016. 249 operates a pizza restaurant where it also manufactures and distributes frozen pizza directly to consumers ("DTC") through a subscription offering as well as the sale of consumer packaged goods ("CPG") direct to specialty grocery stores.

Effective June 3, 2021, the Company's shares commenced trading on the TSX Venture Exchange (the "TSXV") under the symbol "GA".

The Company's registered and records office are located at 331-333 Adelaide Street West, Toronto, Ontario, M5V 2G5.

During the three month period March 31, 2022, the Company incurred a net loss of \$2,937,953 (March 31, 2021: \$5,490,212) and negative operating cash flows of \$1,590,688 (March 31, 2021: \$873,890). As of March 31, 2022, the Company had accumulated a deficit of \$16,746,727 (December 31, 2021: \$13,808,774).

These condensed interim consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The continued operations of the Company are dependent on future profitable operations, management's ability to manage costs, and the future availability of equity or debt financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due is uncertain. These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of consolidated financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

The outbreak of the novel coronavirus COVID-19, which was declared a pandemic by the World Health Organization on March 11, 2020, has led to adverse impacts on the Canadian and global economies, disruptions of financial markets, and created uncertainty regarding potential impacts to the Company's supply chain and operations. The COVID-19 pandemic has impacted and could further impact the Company's operations and the operations of the Company's customers, suppliers, and vendors as a result of quarantines, facility closures, and travel and logistics restrictions. The extent to which the COVID-19 pandemic impacts the Company's business, results of operations and financial condition is being mitigated by the Company focusing on its CPG and DTC business. Demand for frozen food has increased during the COVID-19 pandemic as consumers seek out shelf-stable options that provide convenience and peace of mind. The management team is closely following the progression of COVID-19 and its potential impact on the Company. Even after the COVID-19 pandemic has subsided, the Company may experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, the Company cannot reasonably estimate the impact at this time on its business, liquidity, capital resources and financial results.

2. BASIS OF PREPARATION

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance and compliance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed interim consolidated financial statements do not include all information and disclosures required in the Company's annual financial statements and should be read in conjunction with the Company's annual financial statements for the years ended December 31, 2021 and 2020.

These condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors on May 30, 2022.

Basis of presentation

The condensed interim consolidated financial statements are presented on a historical cost basis except for certain financial instruments that have been measured at fair value.

GENERAL ASSEMBLY HOLDINGS LIMITED
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2022 and 2021
(expressed in Canadian dollars - unaudited)

Functional and presentation currency

These condensed interim consolidated financial statements have been prepared in Canadian dollars (“CAD”), which is the Company’s and subsidiaries functional and presentation currency.

Basis of consolidation

These condensed interim consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiaries: 1) GA Subscriptions Limited (incorporated in the Province of Ontario on October 16, 2020), 2) GA CPG Limited (incorporated in the Province of Ontario on October 16, 2020), and 3) 249. All inter-company transactions are eliminated on consolidation.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of the Company’s condensed interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and the disclosure of contingent assets and contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are described below. The Company based its assumptions and estimates on parameters available when the condensed interim consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The judgements, estimates and assumptions applied in the condensed interim consolidated financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Company’s combined consolidated financial statements for the years ended December 31, 2021, and 2020, with the exception of those seen below:

Determination of the fair value of the promissory note

The Company remeasures the fair value of its promissory note at each reporting period, determined using the Monte Carlo Simulation method. Estimating the fair value of the promissory note requires assumptions to be made for the inputs to the Monte Carlo Simulation, which include the Company’s future pizza sales, revenue volatility, fair market interest rate and risk-free interest rate.

4. SIGNIFICANT ACCOUNTING POLICIES

In addition to the significant accounting policies noted below, these condensed interim consolidated financial statements and the accompanying notes were prepared using the accounting policies described in note 3 of the Company’s combined consolidated financial statements for the year ended December 31, 2021, and 2020.

Sale and Leaseback Arrangements

At inception of a contract involving the transfer of an asset to another entity and subsequent leasing that asset back from that entity, the Company assesses whether the transfer of an asset is a sale in accordance with IFRS 15. When assessing whether a contract is a sale, the Company assesses whether the party to the contract obtains control of that asset.

When the transfer of an asset does not satisfy the requirements of IFRS 15 as a sale of the asset, the Company continues to recognize the transferred asset and recognize a financial liability equal to the transfer proceeds in accordance with IFRS 9.

GENERAL ASSEMBLY HOLDINGS LIMITED
Notes to the Condensed Interim Consolidated Financial Statements
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Financial instruments

Financial instruments are accounted for in accordance with IFRS 9, “Financial Instruments: Classification and Measurement”. 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.

A derivative is a financial instrument whose value changes in response to a specified variable, requires little or no net investment and is settled at a future date.

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income (“FVOCI”); or (iii) fair value through profit or loss (“FVTPL”). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed.

All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income.

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.

The classification determines the method by which the financial assets are carried on the condensed interim consolidated statement of financial position subsequent to inception and how changes in value are recorded.

Financial liabilities

Financial liabilities are designated as either: (i) FVTPL; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the condensed interim consolidated statement of financial position subsequent to inception and how changes in value are recorded. Financial liabilities measured at amortized cost are initially recognized at fair value net of any directly attributable transaction costs; subsequently, they are measured at amortized cost using the effective interest method.

Financial liabilities may also be designated as FVTPL if the instrument contains one or more embedded derivatives, and the host is not an asset with the scope of IFRS 9. The Company’s promissory note is designated as FVTPL with subsequent changes in fair value attributable to changes in the credit risk of the promissory note recognized in other comprehensive income and the remaining amount of the change in the fair value presented in profit or loss in the condensed interim consolidated statements of loss and comprehensive loss.

Derivatives are included in the category of FVTPL unless they are designated as hedges. The Company’s derivative warrant liability (note 14) is recorded at FVTPL with subsequent changes in fair value recorded in the condensed interim consolidated statements of loss and comprehensive loss.

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

Gains and losses on derecognition are recognized in the condensed interim consolidated statements of loss and comprehensive loss.

Compound Financial Instruments

The Company recognizes and classifies separately the component parts of a financial instrument as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement. Where both liability and equity components exist, the initial carrying amount of the financial instrument shall be allocated to its liability and equity components. The equity component shall be assigned the residual value after deducting from the fair value of the instrument as a whole, the fair value of the liability component. The fair value of a financial liability subsequently measured at amortized cost is determined by discounting the stream of future payments at the prevailing market rate for a similar liability of comparable credit status and providing substantially the same cash flows. The liability component is then increased by accretion of the discounted amounts to reach its face value at maturity which is included in the condensed interim consolidated statements of loss and comprehensive loss as part of finance expense. The equity component is not remeasured subsequent to initial recognition. The transaction costs are distributed between components on a pro rata basis according to their carrying amounts.

GENERAL ASSEMBLY HOLDINGS LIMITED
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2022 and 2021
(expressed in Canadian dollars - unaudited)

The Company has classified its financial instruments as follows:

Financial instrument	Classification/ Measurement	Fair value hierarchy
Assets		
Cash and cash equivalents	Amortized cost	N/A
Amounts receivable	Amortized cost	N/A
Due from related parties	Amortized cost	N/A
Liabilities		
Accounts payable and accrued liabilities	Amortized cost	N/A
Derivative warrant liability	FVTPL	Level 2
Loans	Amortized cost	N/A
Promissory note	FVTPL	Level 3

Impairment

IFRS 9 includes an expected credit loss model for all financial assets measured at amortized cost. Expected credit losses are the present value of cash shortfalls over the remaining expected life of the financial asset using either 12-month expected credit losses or lifetime expected credit loss. 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 condensed interim consolidated statements of loss and comprehensive loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the consolidated statements of loss and comprehensive loss.

5. AMOUNTS RECEIVABLE

	As at March 31, 2022	As at December 31, 2021
Trade receivables	\$ 219,089	\$ 107,274
Sales tax receivable	552,660	681,966
Promissory note receivable (note 13)	750,000	—
Amounts receivable	\$ 1,521,749	\$ 789,240

Trade receivables are comprised of 1) trade receivables from third party sales platforms for restaurant sales, 2) trade receivables from third party payment processing service providers for direct-to-consumer revenue, and 3) trade receivables from the sale of CPG goods to specialty markets. Sales tax receivable is comprised of input tax credits receivable from the Canada Revenue Agency (CRA). The Company has assessed the expected credit loss to be nominal for the three month periods ended March 31, 2022 and March 31, 2021.

GENERAL ASSEMBLY HOLDINGS LIMITED
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2022 and 2021
(expressed in Canadian dollars - unaudited)

6. INVENTORY

	As at March 31, 2022	As at December 31, 2021
Food and beverages	\$ 47,104	\$ 71,804
Packaging	227,951	148,953
Finished goods	179,811	168,677
Inventory	\$ 454,866	\$ 389,434

The cost of inventory recognized as an expense within procurement expense during the three month period ended March 31, 2022 was \$299,848 (March 31, 2021 –\$230,620).

7. PREPAID EXPENSES AND DEPOSITS

	As at March 31, 2022	As at December 31, 2021
Prepaid expenses	\$ 28,022	157,083
Vendor deposits	424,746	188,413
Prepaid expenses and deposits	\$ 452,768	\$ 345,496
Current	18,022	151,563
Long-term	434,746	193,933

The long-term portion of prepaid expenses and deposits consists of \$170,725 of deposits to cover the security deposits for the Company's leases, \$23,208 of deposits related to ongoing operating costs, and \$240,813 related to the purchase of equipment.

8. RIGHT-OF-USE ASSET

	Facilities	Equipment	Vehicles	Total
Balance as at December 31, 2020	\$ 1,019,564	\$ 108,941	\$ 128,364	\$ 1,256,869
Lease additions	3,724,521	—	176,535	3,901,056
Depreciation	(356,736)	(45,949)	(46,825)	(449,510)
Balance as at December 31, 2021	\$ 4,387,349	\$ 62,992	\$ 258,074	\$ 4,708,415
Lease termination	—	—	(85,723)	(85,723)
Depreciation	(172,978)	(11,487)	(15,715)	(200,180)
Balance as at March 31, 2022	\$ 4,214,371	\$ 51,505	\$ 156,636	\$ 4,422,512

The Company recorded depreciation for the vehicle leases as an expense within fulfillment expense and general and administrative expense during the three month period ended March 31, 2022, which amounted to \$13,020 and \$2,695 respectively (March 31, 2021 – \$nil and \$7,739). The Company recorded depreciation for the facilities and restaurant equipment leases as an expense within procurement expense and general and administrative expense during the three month period ended March 31, 2022, which amounted to \$94,090 and to \$93,070 (March 31, 2021 – \$49,721 and \$nil) respectively.

During the three month period ended March 31, 2022, the Company terminated two vehicle leases. On termination, right-of-use assets with a carrying value of \$85,723 and lease liabilities amounting to \$71,574 were derecognized, resulting in a loss on termination of leases recognized in the condensed interim consolidated statement of loss and comprehensive loss for the three month period ended March 31, 2022 totaling \$14,149.

GENERAL ASSEMBLY HOLDINGS LIMITED
Notes to the Condensed Interim Consolidated Financial Statements
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9. PROPERTY AND EQUIPMENT

COST	Leasehold improvements	Furniture and Fixtures	Equipment	Total
Balance as at December 31, 2020	\$ 910,541	\$ 67,599	\$ 64,185	\$ 1,042,325
Additions	1,295,801	484,995	1,713,698	3,494,494
Balance as at December 31, 2021	2,206,342	552,594	1,777,883	4,536,819
Additions	65,258	—	62,062	127,320
Balance as at March 31, 2022	\$ 2,271,600	\$ 552,594	\$ 1,839,945	\$ 4,664,139

ACCUMULATED DEPRECIATION

Balance as at December 31, 2020	\$ 283,749	\$ 41,686	\$ 10,479	\$ 335,914
Depreciation	130,346	53,991	98,698	283,035
Balance as at December 31, 2021	414,095	95,677	109,177	618,949
Depreciation	73,979	27,630	96,494	198,103
Balance as at March 31, 2022	\$ 488,074	\$ 123,307	\$ 205,671	\$ 817,052
At December 31, 2021	\$ 1,792,247	\$ 456,917	\$ 1,668,706	\$ 3,917,870
At March 31, 2022	\$ 1,783,526	\$ 429,287	\$ 1,634,274	\$ 3,847,087

The Company recorded depreciation for leasehold improvements and equipment of the manufacturing facility, restaurant, and the office space as an expense within procurement expense during the three month period ended March 31, 2022, which amounted to \$122,182 (March 31, 2021 – \$25,785). The Company also recorded depreciation related to manufacturing, restaurant and office space from leasehold improvements and furniture and fixtures as an expense within general and administrative expense during the three month period ended March 31, 2022, which amounted to \$58,674 (March 31, 2021 – \$2,660).

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at March 31, 2022	As at December 31, 2021
Trade accounts payable	\$ 1,541,107	\$ 1,205,538
Capital expenditures payable	318,371	472,503
Accrued liabilities	956,405	902,201
Accounts payable and accrued liabilities	\$ 2,815,883	\$ 2,580,242

Trade payables are comprised of payables related to raw materials, supplies, fulfillment expenses and amounts owing for professional service fees for legal, accounting and go public costs.

11. LEASE LIABILITY

The Company's leases consist of a manufacturing facility, restaurant and office space equipment, and vehicles. The Company has recognized right-of-use assets in respect of these leases (note 8).

The Company has also recognized lease liabilities for these leases, which were initially measured at the present value of the future lease payments, discounted at rates ranging from 4.4% to 12%. Interest on lease liabilities is included in interest expense in the condensed interim consolidated statements of loss and comprehensive loss. The carrying amount of the Company's lease liabilities is summarized in the table below.

GENERAL ASSEMBLY HOLDINGS LIMITED
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(expressed in Canadian dollars - unaudited)

	Facilities	Equipment	Vehicles	Total
Balance as at December 31, 2020	\$ 1,323,327	\$ 61,768	\$ 115,837	\$ 1,500,932
Lease additions	3,724,521	—	176,535	3,901,056
Interest expense	247,685	2,234	7,244	257,163
Lease payments	(557,455)	(54,035)	(77,991)	(689,481)
Balance as at December 31, 2021	\$ 4,738,078	\$ 9,967	\$ 221,625	\$ 4,969,670
Lease termination (note 8)	—	—	(71,574)	(71,574)
Interest expense	124,054	199	4,213	128,466
Lease payments	(231,668)	(3,397)	(14,933)	(249,998)
Balance as at March 31, 2022	\$ 4,630,464	\$ 6,769	\$ 139,331	\$ 4,776,564
Current portion	490,044	5,849	37,910	533,803
Long-term portion	4,140,420	920	101,421	4,242,761

During the year ended December 31, 2021, the Company entered into a series of new lease agreements including a new manufacturing facility lease, an expansion to its original restaurant facility lease and four vehicle leases. The discount rate applied to these leases ranged from 4.4% to 12% determined based on the incremental borrowing rate that would be paid on a similar asset over a similar term.

The following table details the undiscounted cash flows and contractual maturities of the Company's lease obligations, as at March 31, 2022:

	Within one year	Later than one year but not later than 5 years	More than 5 years
Facility	\$ 951,762	\$ 4,220,912	\$ 1,173,993
Equipment	10,311	1,131	—
Vehicles	41,038	108,137	—
Total	\$ 1,003,111	\$ 4,330,180	\$ 1,173,993
	15%	67%	18%

12. LOANS

	As at March 31, 2022	As at December 31, 2021
Beginning balance	\$ 2,700,560	\$ 119,519
Additions	654,967	3,000,000
Interest expense	124,410	46,344
Repayments of principal and interest	(15,889)	(87,500)
Reclassified to warrant issuance liability	—	(377,803)
Ending balance	\$ 3,464,048	\$ 2,700,560
Current	215,448	32,019
Long term	3,248,600	2,668,541

The Company's loan balance was comprised of five separate loans which are described as follow:

Loan 1

The Company entered into Loan 1 with the Business Development Bank of Canada ("BDC") in November of 2017 for gross proceeds of \$150,000. The loan bears interest at BDC's floating base rate plus a variance of 6.63% per year. On the date of inception of the loan, BDC's floating base rate was 4.8% per year. The loan is for a period of 60 months with monthly principal payments of \$2,500. The loan is guaranteed by two directors of the Company. One of the covenants of Loan 1 is to obtain BDC's prior written consent to transfer shares or change the effective voting control of the Company. At the Company's election, the loan principal of \$85,000 plus accrued interest and pre-payment indemnity of \$2,500, was repaid in full on February 2, 2021. There was no interest recorded or paid during the three month period ended March 31, 2022 or March 31, 2021.

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Loan 2

On April 15, 2020, the Company received a loan of \$40,000 pursuant to the Canada Emergency Business Account (“CEBA”). The CEBA provides zero-interest, partially forgivable loans of up to \$40,000 to small businesses that have experienced diminished revenues due to COVID-19 but face ongoing non-deferrable costs, such as rent, utilities, insurance, taxes and employment costs. If the balance of the loan is repaid on or before December 31, 2022, 25% of the loan will be forgiven. The loan bears no interest until December 31, 2022, at which point if unpaid, it will convert to a three-year term loan bearing interest at 5% per annum.

On December 21, 2020, the Company received an additional loan of \$20,000 under the CEBA program on the same terms as the original \$40,000.

The loan was initially measured at its fair value of \$30,164 and is subsequently measured at amortized cost, using an effective interest rate of 11%. The forgivable portion of \$20,000 and the benefit from favorable interest rates of \$9,836 were recorded in government grants in the condensed interim consolidated statements of loss and comprehensive loss. During the three month period ended March 31, 2022 and March 31, 2021, \$nil of interest accretion related to the CEBA loan was recognized and included in interest expense.

The Company received a benefit of \$9,836 due to the below-market interest rate on the CEBA loan. This benefit was initially recognized as a deferred gain and was recognized as income as the Company used the proceeds from the loan to fund its operational expenditures.

Proceeds	\$	60,000
Forgivable portion		(20,000)
Benefit from favourable interest rate		(9,836)
Initial carrying amount		30,164
Interest accretion		1,855
Balance as at March 31, 2022, and December 31, 2021	\$	32,019

Loan 3 (Debt Financing)

On November 5, 2021, the Company issued secured promissory notes to existing shareholders in the aggregate principal amount of \$2,000,000 (the “Debt Financing”), bearing interest of 12% per annum accrued and payable monthly. The promissory notes are secured by all assets of the Company. The principal and accrued interest of the promissory notes shall be repaid in nineteen (19) equal monthly installments beginning on November 5, 2023.

The Company will pay to the lenders 1.2% of the principal amount of the loans per annum as a monitoring fee capitalized against the carrying value of the loan at the present value of future payments and amortized over the term. The Company also issued to the lenders, as loan bonuses, an aggregate of 1,851,849 common share purchase warrants (collectively, “Initial Promissory Note Warrants”) entitling the applicable lender to acquire one common share during the forty-two month period following issuance of the promissory note (the “Initial Exercise Period”) at an exercise price of \$1.35. If any of the promissory notes are repaid prior to the one-year anniversary date, a pro rata number of Initial Promissory Note Warrants issued shall have their term reduced to the later of one year from the issuance thereof and 30 days from said repayment.

The Company will be entitled to prepay the promissory note, in whole or in part, at any time prior to the maturity date, without any notice being given to the lender and without any bonus or penalty being paid to the lender.

The Company initially recognized \$1,748,131 as the fair value of Loan 8, and \$251,869 was initially recognized in contributed surplus with respect to the value of the Initial Promissory Note Warrants to be issued. For the three month period ended March 31, 2022, the Company recorded \$76,108 (March 31, 2021 - \$nil) of interest and accretion expense, and \$nil (March 31, 2021 - \$nil) was paid.

Loan 4 (Debt Financing)

On December 30, 2021, the Company issued a secured promissory note to an existing shareholder in the aggregate principal amount of \$1,000,000 (the “Debt Financing”), bearing interest of 12% per annum accrued and payable monthly. The promissory note is secured by all assets of the Company. The principal and accrued interest of the promissory notes shall be repaid in nineteen (19) equal monthly installments beginning on December 30, 2023.

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The Company will pay to the lender 1.2% of the principal amount of the loan per annum as a monitoring fee capitalized against the carrying value of the loan at the present value of future payments and amortized over the term. The Company also issued to the lender, as loan bonuses, an aggregate of 1,652,228 common share purchase warrants (collectively, "Subsequent Promissory Note Warrants", and together with the Initial Promissory Note Warrants, the "Promissory Note Warrants") entitling the lender to acquire one common share during the forty-two month period following issuance of the promissory note (the "Subsequent Exercise Period") at an exercise price of \$0.76. If any of the promissory note is repaid prior to the one-year anniversary date, a pro rata number of Subsequent Promissory Note Warrants issued shall have their term reduced to the later of one year from the issuance thereof and 30 days from said repayment.

The Company will be entitled to prepay the loan, in whole or in part, at any time prior to the maturity date, without any notice being given to the lender and without any bonus or penalty being paid to the lender.

The Company initially recognized \$874,066 as the fair value of Loan 9, and \$125,934 was initially recognized in contributed surplus with respect to the value of the Subsequent Promissory Note Warrants to be issued. For the three month period ended March 31, 2022, the Company recorded \$37,501 (March 31, 2021 - \$nil) of interest and accretion expense, and \$nil (March 31, 2021 - \$nil) was paid.

Loan 5 (Sale and Leasebacks)

On January 21, 2022, the Company entered into two sale and leaseback arrangements in respect of certain equipment with an original cost of \$766,944 previously purchased by the Company, of which \$654,967 was paid by the Company prior to the date of the sale and leaseback arrangements. The Company received a refund from the original vendors in respect of the leased equipment, of \$560,215, after deduction for the initial payments and deposit under the lease agreements totaling \$111,977. The term of the lease agreements are 48 months and 60 months, respectively, with aggregate payments over the course of the terms of \$918,803. The Company has the option to purchase the applicable leased equipment for nominal consideration at the end of the applicable term. For the three month period ended March 31, 2022, the Company recorded \$10,801 (March 31, 2021 - \$nil) of interest expense, and made payments of \$15,889 (March 31, 2021 - \$nil).

13. PROMISSORY NOTE

On March 17, 2022, the Company closed \$1,750,000 (the "Principal") in debt financing pursuant to the terms and conditions of a promissory note (the "2022 Promissory Note").

Under the terms of the 2022 Promissory Note, the Company shall make repayment of the Principal in 16 quarterly installments (each, a "Repayment Amount") commencing on September 6, 2022 and each three month period thereafter (each, a "Repayment Date"), with the final payment date being June 6, 2026 (the "Final Repayment Date"). Each Repayment Amount will be calculated based on \$0.40 for every pizza unit sold by the Company during the fiscal quarter preceding the Repayment Date.

If the Principal has been repaid in full prior to the Final Repayment Date, the Company will, as additional consideration, continue to make payments to the lender of each Repayment Amount (the "Loan Fee") until the Final Repayment Date. If the full Principal, plus additional consideration in the amount of \$1,800,000 has not been paid (collectively, the "Base Loan Obligations") by the Company to the lender on or prior to the Final Repayment Date, the Company will make payment to the lender of an amount equal to Base Loan Obligations, less the aggregate Repayment Amounts already paid to the lender up to and including the Final Repayment Date. The Company may prepay the full Principal at any time prior to the Final Repayment Date, provided that in connection with such prepayment the Company will also pay to the lender an additional payment of \$2,000,000 as a prepayment penalty. There is no additional interest rate payable in addition to the Loan Fee, nor is there a minimum payment required on any Repayment Date, other than the shortfall, if any, owing in respect of the Base Loan Obligations, payable on the Final Repayment Date.

As at March 31, 2022, \$1,000,000 of the Principal had been received by the Company, with the remaining \$750,000 received subsequent to March 31, 2022. As at March 31, 2022, the remaining \$750,000 to be received were included in amounts receivable.

On the date of initial recognition, the fair value of the promissory note was deemed to be equal to its transaction price totaling \$1,750,000. As at March 31, 2022, the promissory note was revalued at \$1,790,000, determined using the Monte Carlo Simulation method. In connection with the change in fair value, a loss on remeasurement of promissory note totaling \$40,000 (March 31, 2021 - \$nil) was recorded in the condensed interim consolidated statement of loss and comprehensive loss for the three month period ended March 31, 2022.

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14. DERIVATIVE WARRANT LIABILITY

In accordance with IFRS, a contract to issue a variable number of shares fails to meet the definition of equity and must instead be classified as a derivative liability and measured at fair value with changes in fair value recognized in the condensed interim consolidated statements of loss and comprehensive loss. The derivative liabilities will ultimately be converted into the Company's equity (common shares) when the warrants are exercised or will be extinguished on the expiry of the outstanding warrants. The derivative liabilities will not result in the outlay of any cash by the Company. Immediately prior to exercise, the warrants are remeasured at their estimated fair value. Upon exercise, the remeasured fair value is transferred to share capital.

	November 17, 2020 Warrants	
	# of warrants	\$
Balance as at December 31, 2020	4,526,118	693,491
Fair value change on derivative warrant liability	—	461,769
Balance December 31, 2021	4,526,118	\$ 1,155,260
Fair value change on derivative warrant liability	—	45,154
Balance March 31, 2022	4,526,118	\$ 1,200,414

Series 2 Derivative Warrant Liability

On November 17, 2020, the Company issued 3,526,118 warrants exercisable into one common share per warrant at a price of \$0.67 per warrant in connection with the November 17, 2020, non-brokered private placement ("Series 2 Warrants").

The Series 2 Warrants issued pursuant to this offering feature a cashless exercise option that provides a net settlement, whereby holders can receive common shares equal to the fair value of the Series 2 Warrants in lieu of paying the cash exercise price. The fair value is determined by multiplying the number of Series 2 Warrants to be exercised by the difference between the preceding 10-day average bid-ask price and the exercise price, with the product divided by the preceding 10-day average bid-ask price. If a Series 2 Warrant holder exercises this option, there will be variability in the number of shares issued per Series 2 Warrant.

The Company uses the Black-Scholes option pricing model to estimate fair value. The Company considers expected volatility of its common shares in estimating its future stock price volatility. Expected volatility was estimated using actual historical volatility of similar public companies. The risk-free interest rate for the life of the Series 2 Warrants was based on the yield available on government benchmark bonds with an approximate equivalent remaining term at the time of issue. The life of warrant is based on the contractual term.

The fair value of the Series 2 Warrants was determined using the Black-Scholes option pricing model with the following assumptions:

	March 31, 2022	December 31, 2021
Expected volatility	100%	100%
Expected life	0.6 years	0.9 years
Expected forfeiture rate	0%	0%
Risk-free interest rate	2.17%	0.91%
Dividend yield	0%	0%
Share Price	\$ 0.65	\$ 0.60
Weighted average fair value per Series 2 Warrant	\$ 0.20	\$ 0.20

Series 3 Derivative Warrant Liability

On November 17, 2020, the Company issued 1,000,000 warrants exercisable into one common share per warrant at a price of \$0.15 per warrant in connection with the November 17, 2020, non-brokered private placement ("Series 3 Warrants"). The Series 3 Warrants issued pursuant to this offering feature a cashless exercise option that provides a net settlement, whereby holders can receive common shares equal to the fair value of the Series 3 Warrants in lieu of paying the cash exercise price. The fair value is determined by multiplying the number of Series 3 Warrants to be exercised by the difference between the preceding 10-day average bid-ask price and the exercise price, with the product divided by the preceding 10-day average bid-ask price. If a Series 3 Warrant holder exercises this option, there will be variability in the number of shares issued per Series 3 Warrant.

The fair value of the Series 3 Warrants was determined using the Black-Scholes option pricing model with the following assumptions:

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	March 31, 2022	December 31, 2021
Expected volatility	100%	100%
Expected life	0.6 years	0.9 years
Expected forfeiture rate	0%	0%
Risk-free interest rate	2.17%	0.91%
Dividend yield	0%	0%
Share Price	\$ 0.65	\$ 0.60
Weighted average fair value per Series 3 Warrant	\$ 0.50	\$ 0.46

15. SHARE ISSUANCE LIABILITY

On December 31, 2020, certain debt holders of the Company elected to assign their debt to the Company in exchange for future units of the brokered private placement. The amount to be converted is fixed and the number of units will be determined once the brokered private placement units are priced and issued. The fair value of debt to be converted to units is \$756,409. At December 31, 2020, the obligation to settle debt for units results in a variable number of shares being issued, therefore it fails to meet the definition of equity and it was classified as a share issuance liability pending the closing of the Going Public Financing. The Going Public Financing closed on February 2, 2021 (see note 16) and resulted in the fair value of the share issuance liability being reclassified to share capital and warrants for the fair value of the respective components of the unit.

16. SHARE CAPITAL

The Company's authorized capital includes an unlimited number of Class A to Class J common shares without par value.

Any holder of a class of Class A to J common share shall be entitled to receive dividends as and when declared by the Board on such holder's class of Class A to J common shares, and, in the event of the liquidation, dissolution or winding up of the Company (a "Dissolution Event"), to share ratably with the other holders of Class A to J common shares, subject to prior rights of other holders of any shares ranking senior to the Class A to J common shares with respect to priority upon a Dissolution Event, in all of the property and assets of the Company available for distribution.

The holders of Class A to E common shares are entitled to receive notice of and to attend all meetings of the shareholders and to one vote per share at meetings of the shareholders of the Company, and the Class F to J common shares, except as provided under the *Business Corporations Act* (Ontario), shall not be entitled to receive notice of, to attend, or vote at any meeting of the shareholders of the Company.

During the year ended December 31, 2021, the Company had the following transactions impacting share capital:

Series A Financing

Between December 29, 2020 and January 28, 2021, the Company completed a Series A Financing resulting in the issuance of an aggregate of 5,020,999 units (the "Series A Units") at a price of \$0.48 per Series A Unit for total gross proceeds of \$2,410,080. Each Series A Unit is comprised of one Class A common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional Class A common share at any time following the issuance date up to June 3, 2023, at an exercise price of \$0.72 per Class A common share.

During the year ended December 31, 2021, the Company closed 1,998,891 units for net proceeds of \$851,569.

As part of the transaction, the Company (A) paid an advisory cash fee of \$192,806 in total of which \$76,757 was paid in the year ended December 31, 2021, (B) paid a corporate finance fee of \$120,504 by way of issuance of 251,048 additional Series A Units, and (C) issued 401,678 advisory warrant units ("Advisory Warrant Units").

Each Advisory Warrant Unit entitles the advisor to purchase one Series A Unit for a period of two (2) years from the Liquidity Event, at an exercise price of \$0.48 per Series A Unit for a total 401,678 Class A common shares and warrants to acquire 200,839 Class A common shares exercisable at any time for a period of (2) years from the Liquidity Event, at an exercise price of \$0.72 per Class A common share.

In addition, as advisory compensation in connection with the transaction, the Company paid a finder's fee of \$36,151 by way of issuance of 100,419 Class A common shares and issued an advisory warrant exercisable for a period of ten (10) years following the occurrence of a Liquidity Event, to purchase up to 2,700,000 Class A Common Shares at an exercise price of \$0.20 per Class A common share.

Total legal fees in connection with the non-brokered private placement was \$31,141.

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On the date of closing, net proceeds of \$851,569 were allocated to the Class A common shares and warrants comprised in the Series A Unit applying the relative fair value approach. As a result, \$735,081 was allocated to share capital and \$116,488 was allocated to warrant reserve.

Going Public Financing

On February 2, 2021, the Company completed a brokered private placement resulting in the issuance of an aggregate of 5,511,985 units (the “February Going Public Units”) at a price of \$1.73 per unit for total gross proceeds of \$9,535,734. Each February Going Public Unit is comprised of one Class A common share and one-half of one Class A common share purchase warrant. Each whole warrant entitles the holder to purchase one additional Class A common share at any time following the issuance date and prior to the earlier to occur of (i) the two (2) year anniversary of Liquidity Event, and (ii) the twenty-five (25) year anniversary of the issuance date, at an exercise price of \$2.60 per Class A common share.

As part of the transaction, the Company paid to advisors a cash commission of \$762,859 and issued an additional 275,598 February Going Public Units. 437,229 February Going Public Units were also issued in connection with the settlement of certain shareholder debt assigned to the Company, which was assigned a value of \$756,409.

In addition, the Company issued 63,306 advisory units (“Advisory Warrant Units”) and 377,652 broker warrant units (“Broker Warrant Units”) which will entitle the holder to acquire one February Going Public Units of the Company at any time for a period of two (2) years from the Liquidity Event, at an exercise price equal to the issue price of \$1.73. Total Advisory and Broker Warrant Units issued were 440,958 which when exercised would result in 440,958 Class A common shares and 220,479 warrants which represent an option to acquire 220,479 additional Class A common shares at \$2.60 per Class A common share exercisable at any time for a period of two (2) years following the Liquidity Event.

On February 8, 2021, the Company paid a finder’s fee equal to 110,239 Class A common shares in connection with the transaction. Total legal and transaction fees in connection with the brokered private placement was \$285,562.

On the date of closing of the February 2, 2021 brokered and non-brokered financing, net proceeds of \$8,473,313 were allocated to the Class A common shares and warrants comprised in the February Going Public Units applying the relative fair value approach. As a result, \$7,153,670 was allocated to share capital and \$1,333,643 was allocated to warrant reserve. Additionally, the fair value of the February Going Public Units issued on settlement of shareholders debt totaling \$756,409 was allocated \$635,303 to share capital and \$121,106 to warrant reserve on the date of issuance.

Between April 14 and April 19, 2021, the Company completed a non-brokered private placement resulting in the issuance of an aggregate of 290,481 units (the “April Going Public Units”), at a price of \$1.73 per unit for total gross proceeds of \$502,425. Each April Going Public Unit is comprised of one Class A common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional Class A common share at any time following the issuance date and prior to the earlier to occur of (i) the two (2) year anniversary of Liquidity Event, and (ii) the twenty-five (25) year anniversary of the issuance date, at an exercise price of \$2.60 per Class A common share.

17. RESERVES

Warrants

A summary of warrant transactions are as follows:

	Number of warrants	Weighted average exercise price \$	Warrants	Contributed surplus
Balance at December 31, 2021	14,712,415	\$ 0.98	\$ 3,386,358	\$1,075,300
Promissory Note Warrants issued	3,504,077	1.07	377,803	(377,803)
Stock-based compensation	—	—	—	183,748
Balance at March 31, 2022	18,216,492	\$ 1.00	\$ 3,764,161	\$ 881,245

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	Number of warrants	Weighted average exercise price \$	Warrants	Contributed surplus
Balance at January 1, 2021	6,787,172	\$ 0.54	\$ 626,590	\$ 15,168
Issuance of units in connection with the Series A Financing, net of issuance costs	1,124,962	0.72	116,488	—
Series A advisory warrants	401,678	0.48	80,956	—
	2,700,000	0.20	668,383	—
Issuance of units in February 2021 in connection with the Going Public advisory warrants	2,893,789	2.60	1,333,643	—
Issuance of units in connection with the conversion of debt	218,615	2.60	121,106	—
Going Public advisory warrants	63,306	1.73	51,504	—
Broker Warrant units	377,652	1.73	307,247	—
Issuance of units in April 2021 in connection with the Going Public Financing, net of issuance costs	145,241	2.60	80,441	—
Stock-based compensation	—	—	—	682,329
Promissory Note Warrants to be issued	—	—	—	377,803
Balance at December 31, 2021	14,712,415	\$ 0.98	\$ 3,386,358	\$1,075,300

The following provides a summary of warrants outstanding as at March 31, 2022:

Expiry date	Number of warrants outstanding and exercisable	Exercise price \$	Weighted average remaining life (years)
September 3, 2025	750,000	0.05	3.43
November 17, 2022	3,526,118	0.67	0.63
November 17, 2022	1,000,000	0.15	0.63
June 3, 2023	1,511,054	0.72	1.18
June 3, 2031	2,700,000	0.20	9.18
June 3, 2023	401,678	0.48	1.18
June 3, 2023	1,124,962	0.72	1.18
June 3, 2023	440,958	1.73	1.18
June 3, 2023	3,112,404	2.60	1.18
June 3, 2023	145,241	2.60	1.18
May 5, 2025	1,851,849	1.35	3.10
June 30, 2025	1,652,228	0.76	3.25
	18,216,492	\$ 1.00	2.70

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On April 16, 2021, the Company issued 145,241 warrants in connection with the April Financing (note 16). Each warrant is convertible to one common share per warrant at a price of \$2.60 per warrant. The fair value of warrants issued was determined to be \$80,441 estimated using the Black-Scholes option pricing model with the following assumptions:

		April 16, 2021
Expected volatility		100%
Expected life		2 years
Expected forfeiture rate		0%
Risk-free interest rate		0.16%
Dividend yield		0%
Weighted average share price	\$	1.45
Weighted average fair value of warrants at grant date	\$	0.56

On February 2, 2021, the Company issued 2,893,789 warrants in connection with the Going Public Financing (note 16) and issued an additional 218,615 warrant in connection with the conversion of the share issuance liability (note 15) for a total issuance of 3,112,404 warrants. Each warrant is convertible to one common share per warrant at a price of \$2.60 per warrant. The fair value of warrants issued was determined to be \$1,333,643 and \$121,106 respectively, estimated using the Black-Scholes option pricing model with the following assumptions:

		February 2, 2021
Expected volatility		100%
Expected life		2 years
Expected forfeiture rate		0%
Risk-free interest rate		0.16%
Dividend yield		0%
Weighted average share price	\$	1.45
Weighted average fair value of warrants at grant date	\$	0.55

On February 2, 2021, the Company issued 63,306 Advisory Warrant Units and 377,652 Broker Warrant Units as part of the Going Public Financing (note 16). Each Advisory Warrant Unit and Broker Warrant Unit entitles the holder to purchase one Class A common share for a period of two (2) years from the Liquidity Event, at an exercise price of \$1.73 per Class A common share for a total 440,958 Class A common shares, and 220,479 warrant to acquire 220,479 Class A common shares exercisable at any time for a period of (2) years from the Liquidity Event, at an exercise price of \$2.60 per Class A common share (note 16). The fair value of warrants issued was determined to be \$61,314 and \$365,770 respectively, estimated using the Black-Scholes option pricing model with the following assumptions:

		February 2, 2021
Expected volatility		109%
Expected life		2 years
Expected forfeiture rate		0%
Risk-free interest rate		0.16%
Dividend yield		0%
Weighted average share price	\$	1.73
Weighted average fair value of warrants at grant date	\$	0.97

The fair value of above Advisory Warrant Units in the amount of \$61,314 were allocated between share capital and warrants proportionately, out of which, \$51,504 related to share capital is recorded as a reduction to share capital and \$9,810 related to warrants is recorded as a reduction to warrants reserve. The fair value of above Broker Warrant Units in the amount of \$365,770 were allocated between share capital and warrants proportionately, out of which, \$307,247 related to share capital is recorded as a reduction to share capital and \$58,523 related to warrants is recorded as a reduction to warrants reserve.

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On January 28, 2021, the Company issued 1,124,962 warrants, convertible to one Class A common share per warrant at a price of \$0.72 per warrant in connection with the issuance of Series A Units (note 16). The fair value of warrants issued was determined \$116,488, estimated using the Black-Scholes option pricing model with the following assumptions:

		January 28, 2021
Expected volatility		100%
Expected life		2 years
Expected forfeiture rate		0%
Risk-free interest rate		0.16%
Dividend yield		0%
Weighted average share price	\$	0.36
Weighted average fair value of warrants at grant date	\$	0.10

On January 28, 2021, the Company issued 401,678 Advisory Warrant Units as part of the Series A Financing. Each Advisory Warrant Unit entitles the advisor to purchase one Class A common share for a period of two (2) years from the Liquidity Event, at an exercise price of \$0.48 per Class A common share for a total 401,678 Class A common shares, and 200,839 warrant to acquire 200,839 Class A common shares exercisable at any time for a period of (2) years from the Liquidity Event, at an exercise price of \$0.72 per common share (note 16). The fair value of warrants issued was determined to be \$107,942 estimated using the Black-Scholes option pricing model with the following assumptions:

		January 28, 2021
Expected volatility		109%
Expected life		2 years
Expected forfeiture rate		0%
Risk-free interest rate		0.16%
Dividend yield		0%
Weighted average share price	\$	0.48
Weighted average fair value of warrants at grant date	\$	0.27

The fair value of above warrants in the amount of \$107,942 were allocated between share capital and warrants proportionately, out of which, \$80,956 related to share capital is recorded as a reduction to share capital and \$26,986 related to warrants is recorded as a reduction to warrants reserve.

On January 13, 2021, the Company issued advisory warrants exercisable for a period of ten (10) years following the occurrence of a Liquidity Event, to purchase up to 2,700,000 Class A common shares at an exercise price of \$0.20 per Class A common share (note 16). The fair value of warrants issued was determined to be \$891,177 estimated using the Black-Scholes option pricing model with the following assumptions:

		January 13, 2021
Expected volatility		100%
Expected life		10 years
Expected forfeiture rate		0%
Risk-free interest rate		0.16%
Dividend yield		0%
Weighted average share price	\$	0.36
Weighted average fair value of warrants at grant date	\$	0.33

The fair value of above warrants in the amount of \$891,177 were allocated between share capital and warrants proportionately, out of which, \$668,383 related to share capital is recorded as a reduction to share capital and \$222,794 related to warrants is recorded as a reduction to warrants reserve.

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Stock options

The Company has a stock option plan (the "Plan") under which the Board of Directors may grant to directors, officers, employees, advisors and technical consultants to the Company non-transferable options to purchase common shares. The Plan provides for a maximum number of stock options reserved for issuance equal to 10% of the Company's issued and outstanding common shares. Under the Plan, options generally vest over a period of three years and expire ten years from the grant date.

The following table summarizes the continuity of the stock options during the three month period ended March 31, 2022 and year ended December 31, 2021:

	Number of options	Weighted average exercise price \$
Balance at January 1, 2021	800,000	\$ 0.67
Granted	1,651,250	0.90
Forfeited and cancelled	(236,000)	0.81
Balance at December 31, 2021	2,215,250	\$ 0.83
Forfeited and cancelled	(81,750)	1.73
Balance at March 31, 2022	2,133,500	\$ 0.78

The following table provides additional information about the Company's stock options as at March 31, 2022:

Number of Options Outstanding	Exercise Price \$	Expiry Date	Number of Options Exercisable
425,000	\$ 0.67	November 17, 2030	146,094
375,000	\$ 0.67	December 7, 2030	128,906
185,000	\$ 0.67	January 4, 2031	46,250
35,000	\$ 0.67	May 28, 2022	35,000
180,000	\$ 0.67	January 31, 2031	45,000
350,000	\$ 0.48	February 25, 2031	87,500
200,000	\$ 0.67	April 1, 2031	—
56,500	\$ 1.73	May 25, 2031	—
50,000	\$ 1.73	May 28, 2031	—
2,000	\$ 1.73	June 2, 2031	—
100,000	\$ 1.73	July 20, 2031	—
50,000	\$ 1.73	August 23, 2031	—
25,000	\$ 1.73	November 29, 2031	—
100,000	\$ 0.69	December 20, 2031	25,000
2,133,500	\$ 0.78		513,750

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Stock options granted were valued using the Black-Scholes option pricing model with the following weighted-average assumptions:

	Year ended December 31, 2021
Expected volatility	100%
Average expected life	6.1 years
Expected forfeiture rate	0%
Risk-free interest rate	0.42% to 1.44%
Dividend yield	0%
Share price	\$0.36 to \$1.45
Weighted average fair value of options at grant date	\$ 0.77

The Company recorded stock-based compensation expense for options of \$183,748 (March 31, 2021 - \$45,427) with an offsetting increase to contributed surplus in respect of the vesting and forfeiture of stock options during the three month period ended March 31, 2022. The weighted average remaining life of the options is 8.90 years (December 31, 2021 – 9.15 years).

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's cash and cash equivalents, amounts receivable, due from related parties, accounts payable and accrued liabilities, and loans approximate their carrying values due to their short-term nature. The Company's derivative warrant liability and promissory note are measured at fair value using Level 2 and Level 3 inputs respectively.

Risk factors

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure, to the extent possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages its liquidity risk by continually monitoring forecasted and actual revenue, as well as expenditures and cash flows from operations. Management is also actively involved in the review and approval of planned investments. The Company's principal cash requirements are for capital expenditures and working capital needs. The Company uses its operating cash flows and cash balances to maintain liquidity.

The following is an analysis of the contractual maturities of the Company's financial liabilities:

	As at March 31, 2022		
	Within one year	Between one and five years	More than five years
Accounts payable and accrued liabilities	2,815,883	—	—
Lease liability	1,003,111	4,330,180	1,173,993
Loan payable	264,662	3,730,295	
Promissory note	232,523	3,317,477	—
Total	\$ 4,316,179	\$ 11,377,952	\$ 1,173,993

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	As at December 31, 2021		
	Within one year	Between one and five years	More than five years
Accounts payable and accrued liabilities	2,580,242	—	—
Lease liability	1,001,753	4,332,467	1,457,346
Loans payable	60,000	3,000,000	—
Total	\$ 3,641,995	\$ 7,332,467	\$ 1,457,346

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash and cash equivalents, due from related parties and amount receivables. Cash and cash equivalents are managed through the use of a major bank which is a high credit quality financial institution as determined by rating agencies and amounts receivable are managed by management. The carrying amount of financial assets represents the maximum credit exposure.

Since its incorporation, the Company has not incurred any significant credit loss in respect of its amounts receivable and amounts due from related parties. Based on consideration of all possible default events over the assets' contractual lifetime, the expected credit loss in respect of the Company's amounts receivable and amounts due from related parties was insignificant at March 31, 2022 and December 31, 2021.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has floating rate debt on one of its loans, however the Company's exposure to fluctuations in its interest rate is not material.

Foreign currency risk

Foreign currency risk is the risk that the carrying value of financial instruments will be impacted due to fluctuations in exchange rates for which financial instruments are denominated in. Sensitivity to a plus or minus 5% change in foreign exchange rates would affect net loss by \$11,790 at March 31, 2022 (December 31, 2021 - \$10,805).

Commodity price risk

The Company is exposed to increases in the prices of agricultural commodities in operating its business. To manage this exposure, the Company uses purchase arrangements for a portion of its needs for raw materials and supplies.

19. REVENUE

	Three months ended	
	March 31, 2022	March 31, 2021
Restaurant	285,724	150,594
Direct to consumer	506,665	634,618
Consumer packaged goods	304,390	287,127
Total	\$ 1,096,779	\$ 1,072,339

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20. EXPENSES CLASSIFIED BY NATURE

Effective for the three month period ended March 31, 2022, the Company elected to change the presentation of its condensed interim consolidated statements of net loss and comprehensive loss. The Company believes that the revised presentation of financial information is more relevant and no less reliable for the users of the condensed interim consolidated financial statements.

Management has applied the change retrospectively. The condensed interim consolidated statements of loss and comprehensive loss for the three month period ended March 31, 2021, has been reclassified to conform with the presentation adopted in the current period. The following table outlines a summary of the reclassifications and impacts for the three month period ended March 31, 2021:

Condensed Interim Consolidated Statement of Loss and Comprehensive Loss	Three Months Ended March 31, 2021		
	As previously reported	Presentation reclassifications	As reclassified
Cost of sales	844,581	(844,581)	—
Procurement expense	—	516,632	516,632
Fulfillment expense	—	327,949	327,949
Selling, general and administrative	1,584,555	(1,584,555)	—
Depreciation	11,119	(11,119)	—
General and administrative expense	—	1,143,122	1,143,122
Sales and marketing expense	—	497,979	497,979
Stock-based compensation	45,427	(45,427)	—
	<u>2,485,682</u>	<u>—</u>	<u>2,485,682</u>

Expenses are classified by function on the condensed interim consolidated statements of loss and comprehensive loss. Below is a breakdown of what is included within cost of sales and selling, general and administrative expenses:

Procurement expense	Three months ended	
	March 31, 2022	March 31, 2021
Cost of inventory	299,848	230,620
Labour	259,817	210,506
Depreciation	216,270	75,506
Total	\$ 775,935	\$ 516,632

Fulfillment expense	Three months ended	
	March 31, 2022	March 31, 2021
Delivery and processing fees	202,746	201,408
Labour	39,234	—
Packaging supplies	185,025	126,541
Depreciation	13,020	—
Total	\$ 440,025	\$ 327,949

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General and administrative expense	Three months ended	
	March 31, 2022	March 31, 2021
Employee Compensation	1,289,065	359,790
Occupancy Costs	159,207	64,776
Office & Administrative	99,760	(9,306)
Restaurant supplies	18,725	10,105
Technology Fees	48,852	29,231
Consulting	75,420	—
Professional fees	194,539	652,408
Board fees	82,500	25,000
Depreciation	151,744	11,119
Travel	1,808	—
Donation	2,000	—
Total	\$ 2,123,620	\$ 1,143,122

21. COMMITMENTS AND CONTINGENCIES

During the year ended December 31, 2020, the Canadian federal government made certain government support programs available to eligible entities as part of its COVID-19 economic response plan. The Company applied and received support under the Canada Emergency Wage Subsidy (“CEWS”), Canada Emergency Commercial Rent Assistance (“CECRA”) and Canada Emergency Business Account (“CEBA”) programs. Each applicant’s eligibility for these programs is subject to validation and detailed verification by the federal government. Due to nature of the eligibility requirements and related calculations, it is possible that the eligibility requirements may not be considered to be met upon validation, and as such the benefits received may be repayable. During the year ended December 31, 2020, the Company received the following benefits from government programs, either directly in the case of CEWS and CEBA, or indirectly through a third party in the case of CECRA:

- \$150,573 of wage subsidies in connection with the CEWS program;
- \$90,773 of lease concession in connection with the CECRA program; and
- \$60,000 of loan proceeds in connection with the CEBA program.

During the three month period ended March 31, 2022 and March 31, 2021, the Company received \$nil benefits from government programs.

22. RELATED PARTY TRANSACTIONS

The key management personnel of the Company are certain members of the Company’s executive management team and the Board of Directors. The following table presents the compensation of the key management personnel recognized in net loss:

	Three months ended	
	March 31, 2022	March 31, 2021
Salaries and director remuneration	\$ 280,495	\$ 240,821
Stock-based compensation expense - directors and officers	130,568	45,427
Total	\$ 411,063	\$ 286,248

As at March 31, 2022, included in accounts payable was \$53,501 (December 31, 2021 - \$49,614) and included in accrued liabilities was \$146,500 (December 31, 2021 - \$164,000) of payments owed to key management personnel. For the three month period ended March 31, 2022, the CEO received compensation of \$3,000 (March 31, 2021 - \$6,000) for rent in connection with the use of personal home office and held a short term loan of \$54,561 (December 31, 2021 - \$54,561) included in due to/from related parties as at March 31, 2022. Compensation paid to the CEO is included in general and administration in the condensed interim consolidated statements of loss and comprehensive loss.

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As at December 31, 2021, the Company held promissory notes comprising of a principal balance of \$3,000,000 (note 12), of which \$1,000,000 was entered into with certain shareholders and key management personnel of the Company. During the three month period ended March 31, 2022, a holder of promissory notes with a principal balance of \$250,000 ceased to act as key management.

For discussion of related party loans, see note 12 above.

23. SUBSEQUENT EVENTS

Short Form Prospectus Offering

On April 11, 2022, the Company filed a preliminary short form prospectus in connection with an offering (the “SFP Offering”) to the public of up to 4,807,692 units of the Company (the “SFP Units”) at a price of \$0.52 per SFP Unit, for aggregate gross proceeds of up to \$2,500,000. Each SFP Unit is comprised of one Class A common share and one common share purchase warrant (“SFP Unit Warrant”). Each SFP Unit Warrant will entitle the holder thereof to acquire one Class A common share at an exercise price of \$0.78 for a period of 36 months following the date of the closing of the SFP Offering. Included in the SFP Offering is an over-allotment option to increase the size of the SFP Offering by up to an additional 721,154 SFP Units. Agents to the SFP Offering will receive a cash commission equal to 8% of aggregate gross proceeds raised from the SFP Offering, as well as such number of common share purchase warrants of the Company (“SFP Broker Warrants”) as is equal to 8% of the number of SFP Units sold, including the over-allotment. Each SFP Broker Warrant will entitle the holder thereof to acquire one SFP Unit at a price of \$0.52 for a period of 36 months following the closing of the SFP Offering. On closing of the SFP Offering, the Company has agreed to also pay a corporate finance fee, payable in SFP Units, equal to 5% of the number of SFP Units sold, including the over-allotment. Completion of the SFP Offering is subject to review and approval of by Ontario Securities Commission and the TSX Venture Exchange.

Sublease of Office Space

On April 29, 2021, the Company leased 3,737 square feet of office space located at 331-333 Adelaide Street West, Toronto, Ontario with (the “Office Space”) for an original term of six (6) years and five (5) months, commencing on May 1, 2022 and ending on September 30, 2027. On March 22, 2022, pursuant to the terms of a sublease agreement, the Company subleased the Office Space to a subtenant for a one (1) year term, commencing on April 15, 2022 and ending on April 30, 2023.