VITANA-X INC. AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS
July 31, 2021 and 2020
(Unaudited)

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VITANA-X INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
July 31, 2021 and 2020
(Unaudited)

in USD	Notes	July 31, 2021	July 31, 2020
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	23,035	55
Receivables due from credit card processor		40,019	-
Inventory	7	434,250	-
Other current receivables due from related parties		74,553	30,610
Loan receivables due from related parties		-	113,219
Other current assets	8	36,702	-
TOTAL CURRENT ASSETS		**608,559**	**143,884**
NON-CURRENT ASSETS			
Fixed assets (net of depreciation)	9	40,525	-
Intangible assets	10	170,799	-
TOTAL NON-CURRENT ASSETS		**211,324**	**-**
TOTAL ASSETS		**819,883**	**143,884**
LIABILITIES AND STOCKHOLDERS' DEFICIT			
CURRENT LIABILITIES			
Accounts payable		342,001	113,792
Financial liabilities	11	191,252	587,135
Derivative financial instruments	12	-	255,398
Provisions		224,563	-
Other current liabilities	13	157,739	41,281
TOTAL CURRENT LIABILITIES		**915,555**	**997,606**
NON-CURRENT LIABILITIES			
Financial liabilities	11	135,224	-
Financial liabilities - Convertible notes payable	11	297,473	-
TOTAL NON-CURRENT LIABILITIES		**432,697**	**-**
TOTAL LIABILITIES		**1,348,252**	**997,606**
STOCKHOLDERS' DEFICIENCY			
Series A Preferred Stock; $0.0001 par value; 1,000,000 designated; NIL shares issued (2020: NIL)	17.3	-	-
Series B Preferred Stock; $0.0001 par value; 1,344,756 shares designated; 1,344,756 shares issued (2020: NIL)	17.4	134	-
Common Stock; $0.0001 par value; 5,000,000,000 shares authorized; 1,366,002,045 shares issued (2020: 435,482,400)	17.1	136,600	43,548
Additional paid-in capital		2,185,778	1,373,074
Reserve for unissued shares		2,166,314	223,219
Cumulative translation adjustment		(5,906)	-
Accumulated deficit		(5,011,289)	(2,493,563)
TOTAL STOCKHOLDERS' DEFICIT		**(528,369)**	**(853,722)**
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT		**819,883**	**143,884**

See accompanying notes to the consolidated financial statements (unaudited).

VITANA-X INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF OPERATIONS
July 31, 2021 and 2020
(Unaudited)

in USD	**Notes**	**Fiscal year ended July 31, 2021**	**2020**
Revenues	5	1,212,339	131,865
Cost of goods sold	14	(878,390)	-
Gross profit		**333,949**	**131,865**
Operating expenses			
General and administrative		1,021,198	121,828
Depreciation and amortization	9/10	286,220	-
Professional fees		1,796,496	3,729,091
Total operating expenses	15	**3,103,914**	**3,850,919**
LOSS FROM OPERATIONS		**(2,769,965)**	**(3,719,054)**
Other income (expenses)			
Interest expenses		1,143	-
Fair value changes of derivative financial instruments	12	255,399	182,850
Gain (loss) from foreign currency transactions		61,707	(11,638)
Interest expenses		(52,937)	(217,797)
Other financial expenses		(13,073)	453
Total Other Income (Expenses)		**252,239**	**(46,132)**
NET LOSS		**(2,517,726)**	**(3,765,186)**
NET LOSS PER COMMON SHARE	18		
Basic and diluted		(0.00)	(0.01)
Weighted average number of shares outstanding		1,265,504,443	416,818,457

See accompanying notes to the consolidated financial statements (unaudited).

VITANA-X INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)
July 31, 2021 and 2020
(Unaudited)

in USD	Notes	Series B Preferred Stock Number	Series B Preferred Stock Amount	Common Stock Number	Common Stock Amount	Additional Paid-in Capital	Reserve for Unissued Shares	Cumulative Translation Adjustment	Accumulated Deficit	Total Shareholders' Deficit
Balance at July 31, 2020		**-**	**-**	**435,482,400**	**43,548**	**1,373,074**	**223,219**	**-**	**(2,493,563)**	**(853,722)**
Net loss for the fiscal year		-	-	-	-	-	-	-	(2,517,726)	(2,517,726)
Foreign currency translation		-	-	-	-	-	-	(5,906)	-	(5,906)
Total other comprehensive income		**-**	**-**	**-**	**-**	**-**	**-**	**(5,906)**	**(2,517,726)**	**(2,523,632)**
Net effect of acquisition of subsidiary	5	-	-	-	-	-	31,901	-	-	31,901
Issuance of Common Stock for conversion of notes	17.1	-	-	930,519,645	93,052	494,083	-	-	-	587,135
Issuance of Series B Preferred Stock for previous period transactions	17.4	1,344,756	134	-	-	222,985	(223,119)	-	-	-
Cash received for the issuance of Common Stock	17.1	-	-	-	-	-	103,815	-	-	103,815
Debt discount for issuance of convertible notes	11	-	-	-	-	95,636	-	-	-	95,636
Settlement of convertible notes	11	-	-	-	-	-	2,030,498	-	-	2,030,498
Balance at July 31, 2021		**1,344,756**	**134**	**1,366,002,045**	**136,600**	**2,185,778**	**2,166,314**	**(5,906)**	**(5,011,289)**	**(528,369)**

See accompanying notes to the consolidated financial statements (unaudited).

VITANA-X INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)
July 31, 2021 and 2020
(Unaudited)

in USD	Notes	Series B Preferred Stock Number	Series B Preferred Stock Amount	Common Stock Number	Common Stock Amount	Additional Paid-in Capital	Reserve for Unissued Shares	Cumulative Translation Adjustment	Accumulated Deficit	Total Shareholders' Deficit
Balance at July 31, 2019		**-**	**-**	**61,265,434**[1]	**61,265**	**1,807,370**	**(8,857)**	**-**	**(1,117,804)**	**741,974**
Net loss for the fiscal year		-	-	-	-	-	-	-	(3,765,186)	(3,765,186)
Recapitalization of the Company: acquirer share capital	4	-	-	(61,265,434)[1]	(61,265)	61,265	-	-	-	-
Recapitalization of the Company: acquiree share capital	4	-	-	371,357,400[1]	37,135	(648,897)	100	-	-	(611,662)
Cancellation of common stock pursuant to spin off agreement	4	-	-	(7,000,000)[1]	(700)	700	-	-	-	-
Issuance of Common Stock for conversion of notes	17.1	-	-	71,125,000[1]	7,113	131,537	-	-	-	138,650
Reclassification of put premium to equity upon conversion of debt	11	-	-	-	-	21,099	-	-	-	21,099
Cash received for the issuance of Series B Preferred Stock	17.4	-	-	-	-	-	223,119	-	-	223,119
Series B Preferred Stock granted for services	17.4	-	-	-	-	-	-	-	2,030,927	2,030,927
Cash received for subscription receivable		-	-	-	-	-	8,857	-	-	8,857
Fair value of stock options granted to a consultant for services	17.5	-	-	-	-	-	-	-	358,500	358,500
Balance at July 31, 2020		**-**	**-**	**435,482,400**	**43,548**	**1,373,074**	**223,219**	**-**	**(2,493,563)**	**(853,722)**

[1] On August 21, 2019 GH Capital Inc. (the legal acquirer) acquired Vitana-X Inc. (the legal acquiree) in accordance with the Share Exchange Agreement. At the same time the business and certain related assets of GH Capital Inc. were spun off (see Note 1 and 4). In accordance with generally accepted accounting principles this transaction qualifies as a "reverse acquisition" and as a "recapitalization" under the SEC rules and regulations. As a result, Vitana-X Inc. is the acquirer from an accounting perspective and therefore the recapitalization has to be retroactively reflected in these unaudited financial statements. During the period from August 1, 2019 to August 21, 2019 the number of outstanding GH Capital Inc. Common Stock increased by 31,783,955 from 339,573,445 to 371,357,400 due to the conversion of notes.

See accompanying notes to the consolidated financial statements (unaudited).

VITANA-X INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
July 31, 2021 and 2020
(Unaudited)

		Fiscal year ended July 31,	
in USD	**Notes**	**2021**	**2020**
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss		**(2,517,726)**	**(3,765,186)**
Adjustments to reconcile net loss to net cash used in operating activities:			
Stock-based compensation and professional fees	17.5	-	358,500
Amortization of prepaid stock-based expenses		-	2,895,236
Accretion of premium on convertible note	11	46,731	147,688
Amortization expense of debt discount	11	-	31,548
Amortization of intangible assets	10	284,665	-
Depreciation of fixed assets	9	1,555	-
Change in fair value of derivative financial instrument	12	(255,399)	(182,850)
Other		3,103	547
Changes in operating assets and liabilities:			
Receivables due from credit card processor		39,801	-
Inventory		(156,407)	-
Other current receivables		145,999	(30,610)
Other current assets		(26,232)	2,000
Accounts payable		(139,856)	(36,586)
Other current liabilities		(168,989)	(81,007)
Provisions		223,991	-
NET CASH FLOWS FROM OPERATING ACTIVITIES		**(2,518,764)**	**(660,720)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans to related parties		-	(316,855)
Repayment of loans by related parties		-	217,557
Acquisition of subsidiary, net of cash	5/4	5,101	52,723
NET CASH FLOWS FROM INVESTING ACTIVITIES		**5,101**	**(46,575)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short term loan	11	110,117	-
Proceeds from issuance of convertible notes	11	2,376,876	409,262
Proceeds from issuance of Series B Preferred Stock	17.4	-	223,119
Proceeds from issuance of Common Stock	17.1	103,815	-
Collection of subscription receivable		-	8,857
Repayment of short term loans	11	(48,172)	-
Principal elements of lease payments		(5,920)	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		**2,536,716**	**641,238**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**23,053**	**(66,057)**
Cash and cash equivalents at the beginning of the fiscal year		55	66,112
Effects of exchange rate changes on cash and cash equivalents		(73)	-
CASH AND CASH EQUIVALENTS AT THE END OF THE FISCAL YEAR	6	**23,035**	**55**

See accompanying notes to the consolidated financial statements (unaudited).

1. ORGANIZATION AND NATURE OF OPERATIONS

Vitan-X Inc. ("Company", formerly GH Capital Inc.) a Florida corporation, was formed on May 5, 2014. The Company is a wellness company specializing in the development and manufacture of health promoting products based on DNA analysis. As a pioneer in this industry and a worldwide network of highly qualified experts, it offers its customers extensive opportunities to lead a healthier life based on body type. The Company sells nutritional and health promoting products such as food supplements and cosmetics. On August 21, 2019, the Company changed its fiscal year end from September 30 to July 31 to conform with its subsidiary which was acquired on the same day as discussed below. The Company's former operations were in the business of providing online payment processing services to consumers, primarily in Europe and provided certain consulting services to assist companies in going public.

On August 21, 2019, the Company entered into a Share Exchange Agreement ("Exchange Agreement") with the shareholders of Vitana Distributions, Inc. ("VITANA") whereby 100% of VITANA's outstanding stock was purchased for certain shares of preferred stock of the Company (see Note 4). Pursuant to the Exchange Agreement, holders of the common stock of VITANA received 1,000,000 shares of the Company's newly designated Series B Preferred Stock (the "Series B Shares") in exchange for each share of common stock of VITANA, on a pro rata basis. VITANA was incorporated on February 11, 2019 in the State of Florida as VITANA-X, Inc. The Company changed its corporate name to Vitana Distributions, Inc. on December 4, 2019.

The closing of the Exchange Agreement was further conditioned upon the resignation of Wolfgang Ruecker, Bane Katic and William Eilers as Directors of the Company and appointment of Matthias Goeth as the Company's Chief Operating Officer and Director and Dirk Richter as the Company's Chairman of the Board of Directors. William Bollander shall remain a Director and Chief Executive Officer of the Company.

Furthermore, simultaneously with the closing, the two majority shareholders of Vitana purchased 1,000,000 shares of the Company's Series A preferred stock from the Company's majority shareholder. The Series A preferred stock have a voting right equal to 65% of all voting rights of all the Company's capital stock.

Upon closing of the Exchange Agreement, VITANA became a wholly owned subsidiary of the Company and since the majority shareholders of VITANA obtained majority voting control (at least 65%) of the Company as a result of the above transactions and its operations were spun off to the Company's former majority owner officer, this transaction was accounted for as a reverse recapitalization of VITANA where VITANA is considered the historical registrant and the historical operations presented will be those of VITANA (see Note 4).

On December 18, 2020, the Company executed the Share Exchange Agreement with the shareholders of VITANA-X EUROPE AG, a stock corporation registered in Baar, Switzerland. Pursuant to the terms of the purchase agreement, VITANA-X EUROPE AG became a wholly owned subsidiary of the Company (see Note 5).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Basis of consolidation

The Company's unaudited consolidated financial statements include the financial statements of VITANA-X Inc. and its wholly-owned subsidiary, VITANA-X EUROPE AG (see Note 5). All intercompany accounts and transactions have been eliminated in consolidation. Management acknowledges its responsibility for the preparation of the accompanying unaudited financial statements which reflect all adjustments, consisting of normal recurring adjustments, considered necessary in its opinion for a fair statement of its financial position and the results of its operations for the periods presented.

Use of estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. Significant estimates during the fiscal years ended July 31, 2021 and 2020 include the estimates for obsolete inventory, assumptions used in assessing impairment of intangible assets, the fair value of derivative financial instruments, the valuation allowance for deferred tax assets and the valuation of stock issued for services or upon conversion of debt.

Cash and cash equivalents

For purposes of the consolidated statements of cash flows, the Company considers all highly liquid instruments with a maturity of three months or less at the purchase date and money market accounts to be cash equivalents.

Accounts receivable and allowance for doubtful accounts

The Company considers accounts receivable, net of allowance doubtful accounts, to be fully collectible. The allowance is based on management's estimate of the overall collectability of accounts receivable, considering historical losses and economic conditions. Based on these same factors, individual accounts are charged off against the allowance when management determines those individual accounts are uncollectible. Credit extended to customers is generally uncollateralized. Past-due status is based on contractual terms. Management has determined that no allowance was required for the outstanding receivables due from credit card processor as of July 31, 2021 and July 31, 2020.

Inventory

Inventory is valued at the lower of cost or net realizable value, net realizable value defined as estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The cost of Inventory is determined under the First in first out (FIFO) method.

Fixed assets and intangible assets

Fixed assets are stated at cost. Depreciation on fixed assets are computed using the straight-line method over the estimated useful lives of the assets, which range from three to ten years.

FASB Codification Topic 360 "Property, Plant and Equipment" (ASC 360), requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The application of ASC 360 has not materially affected the Company's reported earnings, financial condition or cash flows.

Intangible assets with definite useful lives are stated at cost less accumulated amortization.

Revenue recognition

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), specifically ASC 606-10-50-12. This standard provides a single set of guidelines for revenue recognition to be used across all industries and requires additional disclosures. The updated guidance introduces a five-step model to achieve its core principal of the entity recognizing revenue to depict the transfer of goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company adopted ASC 606 on February 11, 2019, the date of inception.

The Company sells its products primarily to the end consumer. Product sales are recognized when the product is shipped to the customer and title is transferred and are recorded net of any discounts or allowances.

Risks and uncertainties for development stage company

The Company is considered to be in an early stage since it has only recently commenced planned principal operations and has not yet sold a large amount of its products. The Company's activities since inception include devoting substantially all its efforts to business planning and development. Additionally, the Company has allocated a substantial portion of its time and investment to the implementation of its marketing plan to generate revenues and to raising capital. The Company's activities during this early stage are subject to significant risks and uncertainties.

Fair value of financial instruments and fair value measurements

The Company adopted Accounting Standards Codification ("ASC") 820, "Fair Value Measurements and Disclosures" ("ASC 820"), for assets and liabilities measured at fair value on a recurring basis. ASC 820 establishes a common definition for fair value to be applied to existing generally accepted accounting principles that requires the use of fair value measurements, establishes a framework for measuring fair value and expands disclosure about such fair value measurements. The adoption of ASC 820 did not have an impact on the Company's financial position or operating results but did expand certain disclosures.

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Additionally, ASC 820 requires the use of valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

These inputs are prioritized below:
- Level 1: Observable inputs such as quoted market prices in active markets for identical assets or liabilities
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data
- Level 3: Unobservable inputs for which there is little or no market data, which require the use of the reporting entity's own assumptions.

The Company analyzes all financial instruments with features of both liabilities and equity under the Financial Accounting Standard Board's ("FASB") accounting standard for such instruments. Under this standard, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The estimated fair value of certain financial instruments, including accounts receivable, prepaid expense and other current assets, accounts payable and accrued expenses are carried at historical cost basis, which approximates their fair values because of the short-term nature of these instruments.

Leases

On February 25, 2016, the FASB issued Accounting Standards Update No. 2016- 02, Leases (Topic 842), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing transactions.

The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets, current portion of operating lease liabilities and operating lease liabilities, less current portion in the Company's consolidated balance sheets.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. For leases in which the rate implicit in the lease is not readily determinable, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. Lease terms include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for operating lease arrangements is recognized on a straight-line basis over the lease term. The Company has lease agreements with lease and non-lease components, which are accounted for separately.

Derivative financial instruments

The Company evaluates all its financial instruments to determine if those contracts or any potential embedded components of those contracts qualify as derivatives to be separately accounted for in accordance with FASB ASC 815-10-05-4 and 815-40. This accounting treatment requires that the carrying amount of any embedded conversion options be recorded at fair value at issuance and marked-to-market at each balance sheet date. In the event that the fair value is recorded as a liability, as is the case with the Company, the change in the fair value during the period is recorded as either other income or expense. Upon conversion, exercise and repayment, the respective derivative liability is marked to fair value at the conversion, repayment or exercise date, and then the related fair value amount is reclassified to other income or expense as part of gain or loss on debt extinguishment.

Income taxes

The Company accounts for income taxes pursuant to the provision of ASC 740-10, "Accounting for Income Taxes" ("ASC 740-10"), which requires, among other things, an asset and liability approach to calculating deferred income taxes. The asset and liability approach require the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. A valuation allowance is provided to offset any net deferred tax assets for which management believes it is more likely than not that the net deferred asset will not be realized.

The Company follows the provision of ASC 740-10 related to Accounting for Uncertain Income Tax Positions. When tax returns are filed, there may be uncertainty about the merits of positions taken or the amount of the position that would be ultimately sustained. In accordance with the guidance of ASC 740-10, the benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions.

Tax positions that meet the more likely than not recognition threshold is measured at the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefit associated with tax positions taken that exceed the amount measured as described above should be reflected as a liability for uncertain tax benefits in the accompanying balance sheet along with any associated interest and penalties that would be payable to the taxing authorities upon examination. The Company believes its tax positions are all more likely than not to be upheld upon examination. As such, the Company has not recorded a liability for uncertain tax benefits.

The Company has adopted ASC 740-10-25, "Definition of Settlement", which provides guidance on how an entity should determine whether a tax position is effectively settled for the purpose of recognizing previously unrecognized tax benefits and provides that a tax position can be effectively settled upon the completion and examination by a taxing authority without being legally extinguished. For tax positions considered effectively settled, an entity would recognize the full amount of tax benefit, even if the tax position is not considered more likely than not to be sustained based solely on the basis of its technical merits and the statute of limitations remains open. The federal and state income tax returns of the Company are subject to examination by the IRS and state taxing authorities, generally for three years after they are filed.

Stock-based compensation

The Company accounts for stock-based payments in accordance with ASC 718-10, *Share-Based Payment,* which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors including employee stock options, restricted stock awards, and employee stock purchases based on estimated fair values.

In June 2018, the FASB issued ASU 2018-07, Compensation - Stock Compensation (Topic 718). This update is intended to reduce cost and complexity and to improve financial reporting for share-based payments issued to non-employees (for example, service providers, external legal counsel, suppliers, etc.). The ASU expands the scope of Topic 718, Compensation-Stock Compensation, which currently only includes share-based payments issued to employees, to also include share-based payments issued to non-employees for goods and services. Consequently, the accounting for share-based payments to non-employees and employees will be substantially aligned. This standard will be effective for financial statements issued by public companies for the annual and interim periods beginning after December 15, 2018. Early adoption of the standard is permitted. The standard will be applied in a retrospective approach for each period presented. Management adopted this standard at inception on February 11, 2019.

Determining Fair Value Under ASC 718-10

The Company estimates volatility based upon the historical stock price of the Company and estimates the expected term. The Company estimates the fair value of stock options granted using the Black-Scholes option-pricing formula. This fair value is then amortized on a straight-line basis over the requisite service periods of the awards, which is generally the vesting period. The Company's determination of fair value using an option-pricing model is affected by the stock price as well as assumptions regarding the number of highly subjective variables.

For employee stock options using the simplified method for employees and directors and the contractual term for non-employees. The risk-free rate is determined based upon the prevailing rate of United States Treasury securities with similar maturities.

Foreign currency transactions

The reporting and functional currency of the Company is the U.S. dollar. Transactions denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing on the transaction dates. Assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the balance sheet date with any transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in the results of operations as incurred. Transaction gains or losses have not had, and are not expected to have, a material effect on the results of operations of the Company.

The Company accounts for foreign currency transactions in accordance with ASC 830, “Foreign Currency Matters” (“ASC 830”), specifically the guidance in subsection ASC 830-20, “Foreign Currency Transactions”. The U.S. dollar is the functional and reporting currency for the Company and its subsidiaries other than VITANA-X EUROPE AG whose functional currency is the Swiss Franc. All assets and liabilities of the foreign subsidiary are translated at the current exchange rate as of the end of the period, and revenue and expenses are translated at average exchange rates in effect during the period. The gain or loss resulting from the process of translating foreign currency financial statements into US dollars is reflected as a foreign currency cumulative translation adjustment and reported as a component of other comprehensive income (loss).

Recent accounting pronouncements

From time to time, the FASB or other standards setting bodies will issue new accounting pronouncements. Updates to the FASB ASC are communicated through issuance of an Accounting Standards Update (“ASU”).

In May 2021 the FASB issued ASU 2021-04, “Earnings Per Share (Topic 260)”, which will clarify and reduce diversity in an issuer’s accounting for modifications or exchanges of freestanding equity-classified written call options (for example, warrants) that remain equity classified after modification or exchange.

In March 2021 the FASB issued ASU 2021-03, “Intangibles—Goodwill and Other (Topic 350)” an entity is required to monitor and evaluate goodwill impairment triggering events throughout the reporting period. An entity is required to consider whether an event has occurred or circumstances have changed that would more likely than not reduce the fair value of a reporting unit below its carrying amount, that is, whether a triggering event has occurred. If the entity concludes that it is more likely than not that the fair value of the reporting unit is less than its carrying value, then the entity must test goodwill for impairment.

There were updates recently issued, most of which represent technical corrections to the accounting literature or application to specific industries or transactions that are not expected to have a material impact on the Company’s financial position, results of operations or cash flows.

3. GOING CONCERN

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. As reflected in the accompanying unaudited consolidated financial statements, for the fiscal year ended July 31, 2021, the Company had a net loss of $2,517,726 (2020: $3,765,186) and accumulated deficit of $5,011,289 (2020: $2,493,563) and a stockholders’ deficit of $528,369 (2020: $853,722). The Company had a working capital deficit of $306,996 at July 31, 2021 (2020: $853,722). It is management’s opinion that these conditions raise substantial doubt about the Company’s ability to continue as a going concern for a period of twelve months from the issue date of this report. The Company is in the process of building its customer base and expects to generate increased revenues. The Company is seeking to raise capital through additional debt and/or equity financings to fund its operations in the future.

Management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive or raise additional debt and/or equity capital. Although the Company has historically raised capital from sales of common stock and debt financing, there is no assurance that it will be able to continue to do so. If the Company is unable to raise additional capital or secure additional debt in the near future, management expects that the Company will need to curtail its operations. These financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

4. ACQUISITION OF VITANA AND SPIN OFF OF PRIOR BUSINESS OF GH CAPITAL, INC.

Vitana-X Inc. ("VITANA") was incorporated on February 11, 2019 in the State of Florida as Vitana, Inc. The Company changed its corporate name to Vitana Distributions, Inc. on December 4, 2019. The Company is a wellness company specializing in the development and manufacture of health promoting products based on DNA analysis.

On August 21, 2019, GH Capital Inc. entered into a Share Exchange Agreement with the shareholders of VITANA. whereby 100% of VITANA's outstanding stock was purchased for certain shares of preferred stock of GH Capital Inc. Pursuant to the Exchange Agreement, holders of the Common Stock of VITANA received 1,000,000 shares of the Company's newly designated Series B Preferred Stock in exchange for each share of Common Stock of VITANA, on a pro rata basis. The Series B Preferred Stock shall convert into a total amount equaling 80% of the total issued and outstanding shares of Common Stock, post conversion, on a pro rata basis. The Series B Preferred Stock have no voting rights (see Note 17.4).

The closing of the Exchange Agreement was further conditioned upon the resignation of Wolfgang Ruecker, Bane Katic and William Eilers as Directors of the Company and appointment of Matthias Goeth as the Company's Chief Operating Officer and Director and Dirk Richter as the Company's Chairman of the Board of Directors. William Bollander shall remain a Director and Chief Executive Officer of the Company.

Upon closing of the Share Exchange Agreement, VITANA became a wholly owned subsidiary the Company and since the majority shareholders of VITANA obtained majority voting control (at least 65%) of the Company as a result of the above transactions and its operations were spun off to the Company's former majority owner officer, this transaction was accounted for as a reverse recapitalization of VITANA where VITANA is considered the historical registrant and the historical operations presented will be those of VITANA.

The following assets and liabilities were assumed in the transaction:

in USD	**August 21, 2019**
Cash	47,823
Prepaid expenses	6,900
Accounts payable and Accrued expenses	(47,348)
Convertible debt	(76,301)
Due to related party	(26,100)
Derivative liabilities	(516,636)
NET LIABILITIES ASSUMED	**611,662**

On August 30, 2019, the Company entered into a Spin-Off Agreement ("Spin-Off") with a former majority shareholder, pursuant which the Company sold the brand and trademark rights of "GH Capital" and "GH Cap" (collectively, the "Brand") and certain revenue contracts and certain related liabilities, in exchange for the return of 7,000,000 shares of the Company's common stock. The Spin-Off is effective upon a successful name change of the Company to be filed with the Florida Secretary of State. The Company canceled the 7,000,000 shares of Common Stock received from the sale of the Company's Brand (see Note 17.1).

5. ACQUISITION OF VITANA-X EUROPE AG

On December 18, 2020, the Company entered into a Share Exchange Agreement with the shareholders of VITANA-X EUROPE AG (VITANA-X EU), a Swiss Corporation, to purchase all of the issued and outstanding equity of VITANA-X EU. The Company acquired VITANA-X EU to expand its operations to Europe. The closing date of the transaction was December 21, 2020.

The Company agreed as a purchase price to issue 1,000,000 Common Stock of the Company to the shareholders of VITANA-X EU. In addition, the Company agreed to issue to those customers of VITANA-X EU identified in the Share Exchange Agreement 34,445,715 Common Stock of the Company. As at July 31, 2021 none of these shares have been issued yet.

The net identifiable assets acquired are as follows (unaudited):

in USD	**December 21, 2020**
Number of Common Stock granted (in numbers)	35,445,715
Share price as at acquisition date	0.0009
TOTAL PURCHASE CONSIDERATION	**31,901**
Cash and cash equivalents	5,101
Receivables due from VITANA-X Inc.	29,806
Receivables due from credit card processor	81,833
Inventory	283,141
Fixed Assets (net of depreciation)	48,800
Customer relationships	455,464
Other assets	95,853
Accounts payable	(400,716)
Financial liabilities	(275,746)
Current account due to related parties	(184,459)
Other liabilities	(107,176)
NET IDENTIFIABLE ASSETS ACQUIRED	**31,901**

The following unaudited pro forma financial results reflects the historical operating results of the Company, including the unaudited pro forma results of VITANA-X EU for the fiscal year ended July 31, 2021, as if this business combination had occurred as of August 1, 2020. The pro forma information presented below does not purport to represent what the actual results of operations would have been for the period indicated, nor does it purport to represent the Company's future results of operations.

in USD	**Fiscal year ended July 31, 2021**
Revenues	2,369,224
Gross Profit	478,132
Net Loss	(2,835,588)
Net Loss per common share	(0.00)

6. CASH AND CASH EQUIVALENTS

in USD	**July 31, 2021**	**July 31, 2020**
Cash at banks	23,035	55
TOTAL CASH AND CASH EQUIVALENTS	**23,035**	**55**

The Company's cash balances do not exceed those that are federally insured and therefore no adjustments for credit risks were recognized.

7. INVENTORY

in USD	**July 31, 2021**	**July 31, 2020**
Semi-finished goods	108,306	-
Finished goods	325,944	-
TOTAL INVENTORY	**434,250**	**-**

8. OTHER CURRENT ASSETS

in USD	**July 31, 2021**	**July 31, 2020**
Prepaid expenses	31,985	-
Accrued expenses	4,717	-
TOTAL OTHER CURRENT ASSETS	**36,702**	**-**

9. FIXED ASSETS

in USD	**Right-of-use assets**	**Equipment**	**Total**
Balance at July 31, 2020	**-**	**-**	**-**
Acquisition of subsidiary (Note 5)	42,381	6,419	48,800
Depreciation	-	(1,555)	(1,555)
Principal elements of operating lease payments	(5,920)	-	(5,920)
Foreign currency translation	(646)	(154)	(800)
Net book amount at July 31, 2021	**35,815**	**4,710**	**40,525**
At cost	41,391	6,269	47,660
Accumulated depreciation	(5,576)	(1,559)	(7,135)
Net book amount at July 31, 2021	**35,815**	**4,710**	**40,525**

10. INTANGIBLE ASSETS

The Company recognized the following customer relationships in connection with the business acquisition outlined in Note 5.

	Fiscal year ended July 31,	
in USD	**2021**	**2020**
Net book amount at the beginning of the fiscal year	**-**	**-**
Acquisition of subsidiary (Note 5)	455,464	-
Amortization	(284,665)	-
Net book amount at the end of the fiscal year	**170,799**	**-**
At cost	455,464	-
Accumulated depreciation	(284,665)	-
Net book amount at the end of the fiscal year	**170,799**	**-**

11. FINANCIAL LIABILITIES

in USD	Loans	Lease Liabilities	Convertible Notes	Total
Balance at July 31, 2020	**-**	**-**	**587,135**	**587,135**
Issuance of Common Stock for conversion of notes	-	-	(587,135)	(587,135)
Acquisition of subsidiary (Note 5)	238,545	37,201	-	275,746
Proceeds	110,117	-	2,376,876	2,486,993
Repayments	(48,172)	(5,920)	-	(54,092)
Accrued interest	6,331	1,235	46,731	54,297
Conversion feature recognized in shareholders' deficit	-	-	(95,636)	(95,636)
Settlement of convertible notes for Common Stock not yet issued	-	-	(2,030,498)	(2,030,498)
Foreign currency translation	(11,744)	(1,117)	-	(12,861)
Balance at July 31, 2021	**295,077**	**31,399**	**297,473**	**623,949**

Loans

The Loans comprise various loans to third parties and a bank, are denominated in CHF and EUR and are repayable within 6 months and 5 years. The interest rates range between 0% to 5%.

Lease liabilities

The lease liabilities relate to car leasing arrangements that the company classified as operating leases.

Convertible notes issued during fiscal years 2021 and 2020 to non-US residents

During the fiscal years ended July 31, 2021 and 2020 the Company closed securities purchase agreements (the "SPA") for the sale of the Company's convertible notes. Pursuant to the SPA, the Company issued unsecured convertible notes for an aggregate principal amount of $2,376,876 to various lenders residing outside the United States of America (2020: $116,821). The convertible notes bear no interest and are due nine months after the date of issuance. The Company may prepay all of any portion of these convertible notes at any time without penalty. Upon maturity, these convertible notes shall be automatically converted upon the date where in a reverse stock split has been initiated into shares of the Company's Common Stock at a conversion price between $0.08 and $0.15 per share, subject to adjustment, upon the occurrence of certain events such as reorganization, mergers or sale of assets. The conversion price shall remain the same in case of a reverse stock-split. The difference of $95,636 between the principal value of the convertible notes and the accumulated fair value of a similar loan without conversion option on initial recognition of $2,281,240 was recognized in additional paid-in capital.

The Company offered all convertible note holders to convert the notes early at a conversion price of $0.0029 effective June 18, 2021. Note holders with an accumulated principal amount of $2,030,498 accepted the offer. The Company will issue 796,288,267 shares of Common Stock to those note holders (see Note 17.1). Since the Company extinguished its obligation to repay the note, an amount of $2,030,498 was recognized in "Reserve for unissued shares".

As of July 31, 2021, the principal amount of convertible notes not yet settled or converted amounted to $283,436.

February 2018 Financing

On February 20, 2018, under a Securities Purchase Agreement (the "SPA"), assumed on August 21, 2019, GH Capital issued a 10% Convertible Promissory Note ("February 2018 Notes") for principal amount of up to $180,000 to be funded in several tranches. The February 2018 Notes bears an interest rate of 10% per annum (which interest rate shall be increased to 15% per annum upon the occurrence of an Event of Default (as defined in the February 2018 Notes)). The February 2018 Notes shall mature twelve months from the effective date of each tranche. GH Capital received the; (i) first tranche on February 20, 2018 and received net proceeds of $52,000, net of $8,000 OID and legal fees; (ii) the second tranche on June 11, 2018 and received net proceeds of $16,500, net of $3,500 OID and legal fees; and (iii) the third tranche on March 13, 2019 and received net proceeds of $43,000, net of $7,000 OID and legal fees. GH Capital received an aggregate net proceeds of $111,500, net of $18,500 OID and legal fees which total to a principal amount of $130,000. The lender shall have the right to convert beginning on the issuance date, the outstanding principal amount and accrued but unpaid interest into GH Capital's Common Stock at a conversion price equal to 65% of the lowest trading price of GH Capital's Common Stock during the 25 prior trading days to the conversion date subject to increases in the discount rate based on certain future events. If at any time while the February 2018 Notes are outstanding, the conversion price is equal to or lower than $0.15, then an additional 15% discount shall be added into the conversion price resulting in a discount rate of 50%. The embedded conversion option was bifurcated and treated as a derivative liability. The February 2018 Notes are subject to full ratchet anti-dilution in the event that GH Capital issues any securities at a per share price lower than the conversion price then in effect. During the first 90 days following the date of the February 2018 Notes, GH Capital had the right to repay the principal and accrued but unpaid interest due under this note, together with any other amounts that GH Capital may owe the lender under the terms of the February 2018 Notes, at a premium ranging from 135% to 145% as defined in the February 2018 Notes. After this initial 90-day period, GH Capital did not have a right to prepay the February 2018 Notes. The February 2018 Notes contains representations, warranties, events of default, beneficial ownership limitations, piggyback registration rights and other provisions that are customary of similar instruments.

On March 13, 2019, in connection with the funding of the third tranche of the February 2018 Notes, GH Capital issued to the lender 125,000 warrants for GH Capital's Common Stock (February 2018 Warrant II). GH Capital accounted for the 125,000 warrants by using the relative fair value method and recorded debt discount from the relative fair value of the warrants of $2,265 using a simple binomial lattice model. The February 2018 Warrant II had full ratchet anti-dilution provision therefore causing the Company to adjust the outstanding warrants to 102,040,816, an increase of 101,915,816 warrants (see Note 17.6). In July 2017, FASB issued ASU No. 2017-11, Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815): (Part I) Accounting for Certain Financial Instruments with Down Round Features. These amendments simplify the accounting for certain financial instruments with down-round features. The amendments require companies to disregard the down-round feature when assessing whether the instrument is indexed to its own stock, for purposes of determining liability or equity classification. The guidance was early adopted as of January 1, 2019 and GH Capital elected to record the effect of this adoption retrospectively to outstanding financial instruments with a down round feature by means of a cumulative-effect adjustment to the consolidated balance sheet, the period which the amendment is effective. There was no cumulative effect from the adoption of ASU No. 2017-11 and did not have any impact on the Company's consolidated financial statements as there were other note provisions that caused derivative treatment.

As of August 21, 2019, the February 2018 Notes had $50,000, $2,287 and $516,636 of outstanding principal, accrued interest and a related embedded conversion option liability, respectively and there were 102,040,816 February 2018 Warrants II outstanding, all of which was assumed by the Company upon closing of the Share Exchange Agreement (see Note 4).

During the fiscal year ended July 31, 2021, the lender converted $14,450 (2020: $23,465) of outstanding principal and $500 (2020: $1,000) of conversion fee, for a total amount of $14,950 (2020: $24,465) into 11,500,000 (2020: 41,000,000) shares of the Company's Common Stock. As of July 31, 2021, the outstanding balance for the February 2018 Note was $13,728 (2020: $28,178).

February 2019 Financing

On February 14, 2019, GH Capital entered into a securities purchase agreement (the "SPA") for the sale of GH Capital's convertible note which was assumed on August 21, 2019 pursuant to the recapitalization (see Note 4). Pursuant to the SPA, GH Capital issued an unsecured convertible Note ("February 2019 Note") for a principal amount of $63,000. GH Capital received net proceeds of $60,000, net of $3,000 OID and legal fees. The February 2019 Note bears an interest rate of 10% per annum (which interest rate shall be increased to 22% per annum upon the occurrence of an Event of Default (as defined in the February 2019 Note)), shall mature on February 14, 2020. The lender has the right to convert beginning 180th day following the issuance date, the outstanding principal amount and accrued but unpaid interest into GH Capital's Common Stock at a conversion price equal to 61% of the average of the lowest two trading prices of the GH Capital's Common Stock during the fifteen trading days immediately preceding the conversion date. During the first 30 to 180 days following the date of the February 2019 Note, GH Capital has the right to prepay the principal and accrued but unpaid interest due under the February 2019 Note, together with any other amounts that GH Capital may owe the lender under the terms of the February 2019 Note, at a premium ranging from 115% to 140% as defined in the February 2019 Note. After this initial 180-day period, GH Capital does not have a right to prepay the February 2019 Note. As of August 21, 2019, the February 2019 Note had $33,000 of outstanding principal, $3,150 of accrued interest and $21,099 of debt premium which were assumed upon closing of the Share Exchange Agreement (see Note 4).

During the nine months ended April 30, 2020, the lender converted the remaining $33,000 of outstanding principal and $3,150 of accrued interest, for a total amount of $36,150 into 30,125,000 shares of the Company's Common Stock (see Note 17.1). In connection with the conversion, as the note considered stock settled debt under ASC 480, the remaining put premium balance of $21,098 was reclassed to equity.

As of July 31, 2021, and July 31, 2020, the February 2019 Note had no outstanding balance.

August 2019 Financing

On August 29, 2019, the Company closed a securities purchase agreement (the "SPA") for the sale of the Company's convertible note. Pursuant to the SPA, the Company issued an unsecured convertible Note ("August 2019 Note") for a principal amount of $128,000. The Company received net proceeds of $125,000, net of $3,000 OID and legal fees. The August 2019 Note bears an interest rate of 10% per annum (which interest rate shall be increased to 22% per annum upon the occurrence of an Event of Default (as defined in the August 2019 Note)), shall mature on August 29, 2020. The lender has the right to convert beginning 180th day following the issuance date, the outstanding principal amount and accrued but unpaid interest into the Company's Common Stock at a conversion price equal to 61% of the average of the lowest two trading prices of the Company's Common Stock during the fifteen trading days immediately preceding the conversion date. During the first 30 to 180 days following the date of the August 2019 Note, the Company has the right to prepay the principal and accrued but unpaid interest due under the August 2019 Note, together with any other amounts that the Company may owe the lender under the terms of the August 2019 Note, at a premium ranging from 115% to 140% as defined in the August 2019 Note. After this initial 180-day period, the Company does not have a right to prepay the August 2019 Note. In connection with the issuance of the August 2019 Note, the Company recorded a premium of $81,836 as the note is considered stock settled debt under ASC 480, which was fully accreted at the inception of the August 2019 Note.

As of July 31, 2020, the August 2019 Note had a total balance of $175,259 outstanding and was fully converted to 520,668,916 Common Stock of the Company during the fiscal year ended July 31, 2021.

October 2019 Financing

On October 8, 2019, the Company closed a securities purchase agreement (the "SPA") for the sale of the Company's convertible note. Pursuant to the SPA, the Company issued an unsecured convertible Note ("October 2019 Note") for a principal amount of $103,000. The Company received net proceeds of $100,000, net of $3,000 OID and legal fees. The October 2019 Note bears an interest rate of 10% per annum (which interest rate shall be increased to 22% per annum upon the occurrence of an Event of Default (as defined in the October 2019 Note)), shall mature on October 8, 2020. The lender has the right to convert beginning 180th day following the issuance date, the outstanding principal amount and accrued but unpaid interest into the Company's common stock at a conversion price equal to 61% of the average of the lowest two trading prices of the Company's Common Stock during the fifteen trading days immediately preceding the conversion date. During the first 30 to 180 days following the date of the October 2019 Note, the Company has the right to prepay the principal and accrued but unpaid interest due under the October 2019 Note, together with any other amounts that the Company may owe the lender under the terms of the October 2019 Note, at a premium ranging from 115% to 140% as defined in the October 2019 Note. After this initial 180-day period, the Company does not have a right to prepay the October 2019 Note. In connection with the issuance of the October 2019 Note, the Company recorded a premium of $65,852 as the note is considered stock settled debt under ASC 480, which was fully accreted at the inception of the October 2019 Note.

As of July 31, 2020, the October 2019 Note had a total balance of $108,841 outstanding and was fully converted to 323,350,729 Common Stock of the Company during the fiscal year ended July 31, 2021.

Derivative Liabilities Pursuant to Securities Purchase Agreements

In connection with the issuance of the February 2018 Notes, the Company determined that the terms of these Notes contain terms that included a provision under which the conversion price and exercise price could be affected by future equity offerings undertaken by the Company or contain terms that are not fixed monetary amounts at inception and included various other terms that caused derivative treatment. Accordingly, under the provisions of *ASC 815-40 –Derivatives and Hedging – Contracts in an Entity's Own Stock*, the embedded conversion option contained in the convertible instruments was accounted for as derivative liabilities at the date of issuance and shall be adjusted to fair value through earnings at each reporting date. The fair value of the embedded conversion option derivatives was determined using the Binomial valuation model. At the end of each period, on the date that debt was converted into common shares, the Company revalued the embedded conversion option derivative liabilities.

In connection with the Exchange Agreement, the Company assumed the February 2018 Note and February 2019 Note on August 21, 2019, the fair values of the embedded conversion option of $516,638 was recorded as derivative liabilities. During fiscal year ended July 31, 2021, the embedded conversion option was marked to fair value of $0 (2020: $255,398) and a gain from change in fair value of conversion option liability of $255,398 (2020: $182,850) was recorded.

Upon conversions during the fiscal year ended July 31, 2020, the derivative liability was marked to fair value at the conversion, and then a related fair value amount of $78,388 relating to the portion of debt converted was reclassified to other income or expense as part of loss on debt extinguishment. Additionally, the Company recorded loss on debt extinguishment of $77,935, for the fiscal year ended July 31, 2020, in connection with the conversions of February 2019 Note resulting in a net gain on extinguishment of debt of $453 for the fiscal year ended July 31, 2020 as reflected in the accompanying unaudited consolidated statements of operations.

For the fiscal year ended July 31, 2020, the total amortization expense of debt discounts related to all convertible promissory notes were $31,548 which was charged to interest expense on the unaudited consolidated statements of operations.

12. DERIVATIVE FINANCIAL INSTRUMENTS

	Fiscal year ended July 31,	
in USD	**2021**	**2020**
Fair value at the beginning of the fiscal year	**255,398**	**-**
Assumptions of derivative liabilities in connection with reverse recapitalization (Note 4)	-	516,636
Reduction of liability included in gain on debt extinguishment	-	(78,388)
Gain from change in fair value of conversion option liabilities	(255,398)	(182,850)
Fair value at the end of the fiscal year	**-**	**255,398**

13. OTHER CURRENT LIABILITIES

in USD	**July 31, 2021**	**July 31, 2020**
Current account due from related parties	30,418	-
Payables due to tax authorities	18,556	-
Accrued expenses	42,890	1,400
Accrued interest expenses	39,852	39,852
Other accounts payable	26,023	29
TOTAL OTHER CURRENT LIABILITIES	**157,739**	**41,281**

14. COST OF GOODS SOLD

	Fiscal year ended July 31,	
in USD	**2021**	**2020**
Cost of materials	355,228	-
Packaging and shipping costs	118,107	-
Fees paid to distribution partners	370,142	-
Credit card processor fees	23,576	-
Other	11,337	-
TOTAL COST OF GOODS SOLD	**878,390**	**-**

15. OPERATING EXPENSES

	Fiscal year ended July 31,	
in USD	**2021**	**2020**
Salaries	25,345	68,682
Travel and representation expenses	170,490	10,209
Advertising costs	521,584	-
Provision for regulatory risks	223,991	-
Consulting and contractor fees	442,601	975,260
Consulting fees paid to executive directors (Note 20)	16,755	-
Consulting fees paid to companies owned by controlling shareholders (Note 20)	636,979	133,205
Management fees paid to VITANA-X EUROPE AG before acquisition	285,050	-
Accounting fees	102,549	77,016
Legal fees	60,525	54,887
Stock market related fees	165,607	89,087
Operating lease expenses	25,149	-
Depreciation and amortization	286,220	-
Equity based compensation	-	2,389,427
Other expenses	141,069	53,146
TOTAL OPERATING EXPENSES	**3,103,914**	**3,850,919**

16. INCOME TAXES

The Company is subject to income taxes in the U.S. federal jurisdiction, State of Florida jurisdiction as well as in Switzerland. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply.

The Company recognized deferred tax balances for tax loss carryforward to the extend there were deferred tax liabilities in the same jurisdiction available. Since the deferred tax assets from tax loss carryforward are higher than the deferred tax liabilities in each jurisdiction, the Company did not recognize any deferred tax balances in these unaudited consolidated financial statements.

The difference between the provision for income taxes of $0 for the fiscal year ended July 31, 2021 (2020: $0) applying the local tax rate of each jurisdiction was due primarily to losses generated in each of these jurisdictions because as outlined above no deferred tax balances were recognized due to the valuation allowance on deferred tax assets for tax loss carryforward.

17. STOCKHOLDERS' EQUITY (DEFICIT)

The Company has the following Common and Preferred Stock outstanding. All classes of Stock have a par value of $ 0.0001.

17.1. Common Stock

As at July 31, 2021, the Company has a total number of 5,000,000,000 shares of Common Stock authorized (2020: 5,000,000,000) of which 1,366,002,045 have been issued (2020: 435,482,400).

On August 21, 2019, as a result of the closing of the Share Exchange Agreement with VITANA (see Note 4), the equity of the consolidated entity is the historical equity of the VITANA subsidiary retroactively restated to reflect the number of shares issued by the Company in the reverse recapitalization.

Common Stock to be issued for acquisition of VITANA-X EUROPE AG

In connection with the Share Exchange Agreement dated December, 18 2020, the Company agreed to issue a total of 35,445,715 shares of Common Stock. As at July 31, 2021 none of these shares have been issued yet (refer to Note 5 for further details).

Common Stock issued for conversion of notes

During the fiscal year ended July 31, 2021 the holders of conversion notes issued during the fiscal year ended July 31, 2020 converted the notes with an aggregate principal amount of $441,698 to 930,519,645 shares of Common Stock (refer to Note 11 for further details).

Common Stock to be issued for cash

During the fiscal year ended July 31, 2021 the Company agreed to issue an aggregate of 13,842,001 shares of Common Stock to various investors through a private placement for cash, with the Company receiving total proceeds of $103,815 or $0.0075 per share.

Common Stock to be issued for settlement of convertible notes

The Company agreed with the majority of the holders of conversion notes issued during the fiscal year ended July 31, 2021 an early settlement for which a total number of 796,288,267 shares of Common Stock shall be issued. As at July 31, 2021 none of these shares have been issued yet (refer to Note 11 for further details).

Common Stock issued pursuant to recapitalization

In connection with the Share Exchange Agreement, GH Capital, Inc. is deemed to have issued 371,357,400 shares of common stock which represents the outstanding common shares of the Company prior to the closing of the acquisition (see Note 4).

Common Stock issued for debt conversion

During the fiscal year ended July 31, 2020, the Company issued a total number of 71,125,000 shares of Common Stock for the conversion of convertible notes issued in February 2018 and 2019 respectively with an aggregate principal amount of $56,465 plus accrued interests and conversion fees of $4,150 (refer to Note 11 for further details). In addition, GH Capital Inc. issued 31,783,955 Common Stock for debt conversion in the period from August 1, 2019 to August 21, 2019 before the reverse acquisition (see Note 4).

Cancellation of Common Stock

On August 30, 2019, the Company canceled 7,000,000 shares of the Company's common stock received from the sale of the Company's Brand pursuant to the Spin-Off Agreement (refer to Note 4 for further details).

17.2. Preferred Stock authorized

The Company has 10,000,000 shares of preferred stock authorized. Preferred stock may be issued in one or more series. The Company's board of directors is authorized to issue the shares of preferred stock in such series and to fix from time to time before issuance thereof the number of shares to be included in any such series and the designation, powers, preferences and relative, participating, optional or other rights, and the qualifications, limitations or restrictions thereof, of such series.

17.3. Series A Preferred Stock

On March 8, 2019, the Company filed a Certificate of Designation of Preferences, Rights and Limitations of Series A Preferred Stock which designated 1,000,000 shares of preferred stock as Series A Preferred Stock.

The Series A Preferred Stock Certificate of Designation includes:

- a par value of $0.0001 per share and 1,000,000 designated shares of Series A Preferred and is not convertible;
- the Series A Preferred Stock shall have voting rights equal to exactly 65% of all voting rights available at the time of any vote, including Series A Preferred Stock;
- the Series A Preferred Stock shall rank senior to the Company's Common Stock and to all other classes and series of equity securities of the Company which by their terms do not rank senior to the Series A Preferred Stock and shall be subordinate to and rank junior to all indebtedness of the Company now or hereafter outstanding;
- Series A Preferred Stock holders shall be entitled to receive out of the assets of the Company whether such assets are capital or surplus, for each share of Series A Preferred Stock, an amount equal to the holder's pro rata share of the assets and funds of the Company to be

distributed, less any amount distributed to the holders of the Series A Preferred Stock, assuming their conversion of Series A Preferred Stock to Common Stock and if the assets of the Company shall be insufficient to pay in full such amounts, then the entire assets to be distributed to the holders shall be distributed among the holders ratably in accordance with the respective amounts that would be payable on such shares if all amounts payable thereon were paid in full; and

- No dividends shall be declared or paid on the Series A Preferred Stock.

Series A Preferred Stock transfer of ownership
In connection with the GH Capital Share Exchange Agreement (see Note 4) dated August 21, 2019, the former shareholders of GH Capital sold its 1,000,000 Series A Preferred Shares to the previous shareholders of Vitana Distributions, Inc. As at July 31, 2021 the Series A Preferred Stock has not yet been formally registered (refer to subsequent events in Note 21 for further details).

17.4. Series B Preferred Stock

On August 16, 2019, the Company filed a Certificate of Designation of Preferences, Rights and Limitations of Series B Preferred Stock which designated 1,000,000 shares of preferred stock as Series B Preferred Stock (see Note 1). On July 20, 2020, the Company's Board of Directors approved the increase of the Company's authorized shares for Series B Preferred Stock to 1,344,756 shares from 1,000,000 shares of authorized shares of Series B Preferred Stock. Shares of Series B Preferred stock granted during the period from February 11, 2019 and July 20, 2020 were considered issuable, and not issued until the authorized shares were increased on July 20, 2020.

The Series B Preferred Stock Certificate of Designation, as amended, includes:

- a par value of $0.0001 per share and 1,000,000 designated shares of Series B with no voting rights;
- the Series B Preferred Stock shall rank senior to the Company's Common Stock and to all other classes and series of equity securities of the Company which by their terms do not rank senior to the Series B Preferred Stock and shall be subordinate to and rank junior to all indebtedness of the Company now or hereafter outstanding;
- Series B Preferred Stock holders shall be entitled to receive out of the assets of the Company whether such assets are capital or surplus, for each share of Series B Preferred Stock, an amount equal to the holder's pro rata share of the assets and funds of the Company to be distributed, less any amount distributed to the holders of the Series B Preferred Stock, assuming their conversion of Series B Preferred Stock to Common Stock and if the assets of the Company shall be insufficient to pay in full such amounts, then the entire assets to be distributed to the holders shall be distributed among the holders ratably in accordance with the respective amounts that would be payable on such shares if all amounts payable thereon were paid in full; and
- No dividends shall be declared or paid on the Series B Preferred Stock.

Issuance of Series B Preferred Stock for previous period transactions

The company registered a total number of 1,344,756 Series B Preferred Stock effective on April 7, 2021 for the below outlined previous period transactions plus a total number of 70,186 shares for cash raised and 53,424 for services received during the period ended July 31, 2019 and a total number of 806,336 Founder Shares.

Series B Preferred Stock to be issued for cash

During the fiscal year ended July 31, 2020 the Company agreed to issue an aggregate of 40,913 shares of Series B Preferred Stock to various investors through a private placement for cash, with the Company receiving total proceeds of $223,119 or an average of $5.45 per share.

Series B Preferred to be issued for services

During the fiscal year ended July 31, 2020 the Company agreed to issue an aggregate of 373,897 shares of Series B Preferred Stock to various consultants for consulting, business advisory, and corporate development services to be rendered. The Company valued these shares of Preferred Stock at the average fair value of approximately $5.43 per share or $2,030,927 based on the most recent private placement of Series B Preferred Stock prior to the dates of grants and such value is being recognized over the terms of the service period.

17.5. Stock Options

The Company uses the Black-Scholes pricing model to determine the fair value of its stock options which requires the Company to make several key judgments including:

- the value of the Company's common stock;
- the expected life of issued stock options;
- the expected volatility of the Company's stock price;
- the expected dividend yields to be realized over the life of the stock option; and
- the risk-free interest rate over the expected life of the stock options.

The Company's computation of the expected life of issued stock options was based on the simplified method as the Company does not have adequate exercise experience to determine the expected term. The interest rate was based on the U.S. Treasury yield curve in effect at the time of grant. The computation of volatility was based on the historical volatility of the Company's common stock.

Series B preferred stock option grant for services provided

On October 10, 2019, the Company granted 73,641 options to purchase shares of the Company's Series B preferred stock, at an exercise price of $5.43 per share, to a consultant for investor relations services. These options have a term of 1.23 years from the date of grant, vested immediately and had a grant fair value of $358,500. The Company recognized stock-based consulting fees of $358,500 during the fiscal year ended July 31, 2020. All share options expired during the fiscal year ended July 31, 2021.

17.6. Stock Warrants

A summary of the Company's outstanding Common Stock Warrants as of July 31, 2021 and changes during the period ended are presented below:

	Fiscal year ended July 31,	
in number of instruments	**2021**	**2020**
Number of instruments at the beginning of the fiscal year	**102,040,816**	**-**
Assumed in connection with the recapitalization of the Company (Note 4)	-	102,040,816
Number of instruments at the end of the fiscal year	**102,040,816**	**102,040,816**

The warrants were granted by GH Capital as part of the *"February 2018 Financing"* convertible notes issued as outlined in Note 11. The remaining contractual life is 3.12 years and the exercise price is $0.0029 but can be exercised cash-less at the option of the holder. All warrants are exercisable as at July 31, 2021 (2020: all). The accumulated intrinsic value of these warrants as at July 31, 2021 is $887,755 (2020: $0). Due to the full ratchet anti-dilution provision the number of outstanding warrants represents management's best estimate.

18. LOSS PER SHARE

Basic net loss per share is computed by dividing net loss by the weighted-average number of common shares outstanding during the period. Diluted net loss per share is based on the weighted-average common shares outstanding during the period plus dilutive potential common shares calculated using the treasury stock method. Such potentially dilutive shares are excluded when the effect would be to reduce a net loss per share. For purposes of basic and diluted per share computations, loss from continuing operations and net loss are reduced by the down round adjustments for convertible preferred stock.

The following potentially dilutive equity securities outstanding as of July 31, 2021 and July 31, 2020 were not included in the computation of dilutive loss per common share because the effect would have been anti-dilutive:

	Fiscal year ended July 31,	
in USD	**2021**	**2020**
Convertible notes (Note 11)	102,576,897	483,579,978
Warrants (Note 17.6)	102,040,816	102,040,816
TOTAL POTENTIALLY DILUTIVE EQUITY SECURITIES	**204,617,713**	**585,620,794**

19. COMMITMENTS AND CONTINGENCIES

From time to time, the Company may become involved in various lawsuits and legal proceedings, which arise, in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. The management of the Company is currently not aware of any such legal proceedings or claims that they believe will have a material adverse effect on the Company's business, financial condition or operating results. In response to the COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") was signed into law in March 2020. The CARES Act lifts certain deduction limitations originally imposed by the Tax Cuts and Jobs Act of 2017 ("2017 Tax Act"). Corporate taxpayers may carryback net operating losses (NOLs) originating between 2018 and 2020 for up to five years, which was not previously allowed under the 2017 Tax Act. The CARES Act also eliminates the 80% of taxable income limitations by allowing corporate entities to fully utilize NOL carryforwards to offset taxable income in 2018, 2019 or 2020. Taxpayers may generally deduct interest up to the sum of 50% of adjusted taxable income plus business interest income (30% limit under the 2017 Tax Act) for 2019 and 2020. The CARES Act allows taxpayers with alternative minimum tax credits to claim a refund in 2020 for the entire amount of the credits instead of recovering the credits through refunds over a period of years, as originally enacted by the 2017 Tax Act. In addition, the CARES Act raises the corporate charitable deduction limit to 25% of taxable income and makes qualified improvement property generally eligible for 15-year cost-recovery and 100% bonus depreciation. The enactment of the CARES Act did not result in any material adjustments to the income tax provision.

20. RELATED PARTY TRANSACTIONS

Acquisition of VITANA-X EUROPE AG

The Company paid to the controlling shareholders a total number of 1,000,000 shares of Common Stock for the acquisition of VITANA-X EUROPE AG in accordance with the Share Exchange Agreement (see Note 5).

Management fees and license fees paid to VITANA-X EUROPE AG

The Company paid a total amount of $285,050 management fees to VITANA-X EUROPE AG, a company owned by the controlling shareholders before the acquisition of VITANA-X EUROPE AG in December 2021 (see Note 5).

Remuneration to the members of the board of directors

At inception, the Company entered into consulting agreements with the members of the board of director of the Company for business and strategic consulting services. The term of the agreement commenced on the effective date of the consulting agreement and continued upon completion of the agreed upon services as defined in the consulting agreements. The Company may terminate the agreements upon 90 days written notice to the consultant. In connection with these consulting agreements, during the fiscal year ended July 31, 2021, the Company paid total consulting fees of $636,979 (2020: $133,205) to the members of the board of directors of the Company for consulting services rendered.

Remuneration to the members of the executive board

During the three months ended October 31, 2019, the Company paid $2,400 to a consultant acting as the Chief Operating Officer ("COO") of the Company. On August 15, 2019, the Company entered into a Management Consulting Agreement with a consultant acting as the COO of the Company to provide corporate development services for the period from August 15, 2019 to December 15, 2019 in exchange for 29,456 shares of the Company's Series B preferred stock. The Company valued the shares of preferred stock at the fair value of approximately $5.43 per preferred share or $160,000 based on the sales of preferred stock in recent private placements on the dates of grants.

For the fiscal year ended July 31, 2021, the Company paid $16,755 to a member of the executive board for services provided to the Company.

21. SUBSEQUENT EVENTS

The company has evaluated subsequent events for recognition and disclosure through October 29, 2021 which is the date the financial statements were available to be issued. No other matters were identified affecting the accompanying financial statements and related disclosure.

Issuance of Series A Preferred Stock

Effective August 30, 2021 the Company issued 1,000,000 Series A Preferred Stock in accordance with a prior period transaction (refer to 4 and 17.3 for further details).

Conversion of Series B Preferred Stock to Common Stock

Effective September 28, 2021 the Company converted all of its 1,344,756 Series B Preferred Stock shares to 887,555,197 Common Stock conditional on Series B Preferred share holder consent.

Issuance of Common Stock for settlement of convertible note

Effective September 13, 2021 the Company issued a total number of 714,722,430 shares for the settlement of convertible notes. The remaining shares to be issued from the settlement of convertible notes is expected to be issued during the quarter ending January 31, 2021 (refer to Note 11 for further details).

Common Stock to be issued for cash

Subsequent the fiscal year ended July 31, 2021 the Company agreed to issue an aggregate of 29,820,667 shares of Common Stock to various investors through a private placement for cash, with the Company receiving total proceeds of $218,655 or an average of $0.0073 per share.

Loan received from controlling shareholder/member of the board of directors

Subsequent the fiscal year ended July 31, 2021 the Company received from a controlling shareholder/member of the board of directors interest-free short term loans with a total amount of $125,252.

Shares granted to a member of the executive board and service providers

Subsequent the fiscal year ended July 31, 2021 the Company granted 10,000,000 shares of Common Stock to a member of the executive board and 28,000,000 to various consultants for consulting, business advisory, corporate development and legal services.