

**Division of:** Ontario  
**Division No.:** 09 - Toronto  
**Estate Number:** 31-3057320  
**Court Number:** 31-3057320

**IN THE MATTER OF THE BANKRUPTCY OF  
ZOGLO'S FOOD INC.  
OF THE CITY OF RICHMOND HILL  
IN THE PROVINCE OF ONTARIO**

**REPORT OF THE TRUSTEE'S PRELIMINARY ADMINISTRATION**

**BACKGROUND**

1. Zoglo's Food Inc. ("**Zoglo**" or the "**Debtor**") was a publicly owned vegan food production and distribution company.
2. On March 19, 2024, the date of the bankruptcy ("**Date of Bankruptcy**"), Zoglo had ceased operations and assigned itself into bankruptcy and Dodick Landau Inc. was appointed as Trustee in Bankruptcy of the estate of Zoglo (the "**Trustee**").

**SHARE OFFERING**

*Parent Company*

3. **1258481 B.C. Ltd.** (Parent Co) ("**1258481**") was incorporate under the laws of the Province of British Columbia on July 23, 2020. On March 29, 2021, the name of 1258481 was changed to **Zoglo's Incredible Food Corp.** On February 28, 2023, Zoglo's Incredible Food Corp. changed its name again to **Zoglo's Food Corp.**

**Subsidiary Company**

4. **Zoglo's Incredible Food Corp.** (Subsidiary Co) was incorporated under the laws of the Province of Ontario on July 13, 2020. On March 29, 2021, the name of the Company was changed from Zoglo's Incredible Food Corp. to **Zoglo's Incredible Food Inc.** On February 8, 2023, the name of the Company was changed from Zoglo's Incredible Food Inc. to **Zoglo's Food Inc.** (the "**Debtor**").

**Summary of Transaction**

5. On February 12, 2021, the Debtor entered into a share exchange agreement ("**SEA**") with 1258481 (the "**Transaction**"). Pursuant to the SEA with 1258481, upon completion of the Transaction, 1258481 would acquire 100% of the issued and outstanding common shares of the Debtor, resulting in the Debtor becoming a wholly owned subsidiary of 1258481, and

1258481 would continue on the business of the Debtor. Upon completion of the Transaction, the security holders of the Debtor would become shareholders of the combined entity.

6. 1258481 applied for a listing on the Canadian Securities Exchange (“CSE”).

### **Details of Transaction**

7. In consideration of the Transaction, 1258481, upon completion of the Transaction, issued 64 million of its shares to the then existing shareholders of the Debtor at an agreed price of \$0.25 per Payment Share.
8. In further consideration of the Transaction, 1258481 assumed all obligations from the Debtor to acquire the assets, patents, IP and licensing rights and manufacturing rights from Naknik Nahariya Kasher Soglowek Ltd., a corporation incorporated under the laws of Israel. 1258481 would pay an aggregate of \$5,000,000 in accordance with the agreement.
9. In addition, 1258481 would issue 3,000,000 restricted stock units (“RSU”) to the chairman of the Debtor prior to the completion of the Transaction at a subscription price of \$0.05 per RSU.
10. In conjunction with, and prior to the closing of the Transaction, 1258481 planned to undertake a concurrent private placement of 27,000,000 of 1258481’s shares at a price of \$0.25 per share for aggregated gross proceeds of \$6,750,000 (the “**Shell Private Placement Proceed**”). The Shell Private Placement Proceeds would not be available to the Debtor until the closing of the Transaction.
11. In conjunction with the closing, 1258481 would change its name to Zoglo’s Incredible Food Corp., becoming the parent of the Debtor, as determined by both parties and acceptable to the Exchange and registrar of companies for British Columbia.
12. On March 23, 2021, the Company completed the Transaction.
13. On April 12, 2021, Zoglo s Incredible Food Corp., the parent company, issued 1,000,000 common shares on the conversion of the special warrants.
14. On July 20, 2021, Zoglo’s Incredible Food Corp., filed a non-offering long form prospectus (the Prospectus with the Ontario Securities Commission (“OSC”)) to enable it to become a reporting issuer in the Provinces of British Columbia and Ontario pursuant to applicable securities legislation and to develop an organized market for the common shares of Zoglo’s Incredible Food Corp. Zoglo’s Incredible Food Corp. applied to list its common shares on the CSE. In order to obtain a listing, the parent company must fulfill all of the listing requirements of the CSE, including obtaining a receipt for the Prospectus from the OSC, distributing its common shares to a minimum number of public shareholders and meeting certain financial and other requirements.

## **INTRODUCTION**

15. As noted above Zoglo's principal business activities were food production and distribution. After going public the Debtor was hopeful for major growth in its business across the country.
16. Zoglo's fell into financial difficulties as a result of the company's missteps in marketing and high expectation of its ability to sell Zoglo's plant-based food products in an expanded marketplace. The company was led by a CEO and COO with an opportunistic vision and had implemented decisions in anticipation of high sales with fast inventory turnover due to general increased global interest in plant-based foods. A significant number of resources were invested into a marketing plan to build customer awareness and to expand products sales nationally. The company also purchased a significant amount of inventory and entered into distribution arrangements under this mind set ahead of understanding the real demand for Zoglo's products. Former management took a non-industry standard approach, despite the advice from industry advisors, to market the company's products and, unfortunately, was unable to materialize in sales and make the company a success.
17. Ultimately Zoglo's could not operate efficiently, and its losses were growing resulting in the Board assigning the Debtor into bankruptcy.

## **INSOLVENCY PROCEEDING**

18. Following its appointment as Trustee, DLI distributed a Notice of Bankruptcy, a copy of the Statement of Affairs and a Proof of Claim form with instructions to all known creditors, as well as placed a Notice of Bankruptcy ad in the Toronto Sun.

## **ASSETS**

19. As summarized in the Statement of Affairs there was one remaining asset which are freezers with an estimated value of \$15,000 as of the Date of Bankruptcy.

## **BOOKS AND RECORDS**

20. The Trustee has received the books and records but has not yet had an opportunity to review all of them.

## **PROVABLE CLAIMS**

21. At the date of this report, the Trustee has received no proofs of claim.
22. The Statement of Affairs lists 16 unsecured creditors with potential provable claims totalling \$490,498.25.

**ANTICIPATED REALIZATIONS and PROJECTED DISTRIBUTION**

23. The Trustee expects that there will be no proceeds remaining for the unsecured creditors of Zoglo.

**TRANSFERS AT UNDERVALUE and PREFERENTIAL PAYMENTS**

24. To date, the Trustee has not commenced a review of Zoglo’s records in the Trustee’s possession to determine if there are any potential transfers at undervalue or preferential transactions.

**THIRD-PARTY DEPOSIT**


25. Prior to the commencement of the Bankruptcy proceeding, the Trustee obtained a retainer deposit totalling \$15,000 as security for a portion of the costs of the Bankruptcy administration.

Dated at Toronto, Ontario, this 5th day of April 2024.

**DODICK LANDAU INC.**

Acting solely as Trustee in Bankruptcy  
of the Estate of Zoglo’s Food Inc.  
and not in its personal or corporate capacity.

Per: .



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Rahn Dodick CPA, CA, CIRP, LIT  
President