
VGAN BRANDS INC.
(formerly 1161139 B.C. LTD.)

CONDENSED INTERIM FINANCIAL STATEMENTS

For the three months ended September 30, 2021 and 2020

(Expressed in Canadian Dollars)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a) released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the condensed interim financial statements for the three months ended September 30, 2021.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by, and are the responsibility of, the Company's management.

VGAN BRANDS INC. (formerly 1161139 B.C. LTD.)
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2021 AND JUNE 30, 2021
(Expressed in Canadian Dollars)

	Note	As at September 30, 2021	As at June 30, 2021
		\$	\$
ASSETS			
Current Assets			
Cash		828,022	754,802
Loans receivable	5	156,500	81,500
GST receivable		1,320	70
TOTAL ASSETS		985,842	836,372
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	4	187,864	120,066
TOTAL LIABILITIES		187,864	120,066
SHAREHOLDERS' EQUITY			
Share capital	6	584,000	474,000
Warrants reserve		466,000	376,000
Deficit		(252,022)	(133,694)
TOTAL SHAREHOLDERS' EQUITY		797,978	716,306
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		985,842	836,372
NATURE AND CONTINUANCE OF OPERATIONS	1		
SUBSEQUENT EVENTS	12		

Approved by the Sole Director:

"Denis Silva"

Director

VGAN BRANDS INC. (formerly 1161139 B.C. LTD.)
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE INTERIM THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in Canadian Dollars)

For the periods ended	September 30, 2021	September 30, 2020
	\$	\$
Expenses		
Professional fees	4	62,798
Consulting fees		-
		-
	118,328	-
Net loss and comprehensive loss for the period	(118,328)	-
Loss per share, basic and diluted	(0.00)*	(0.00)*
Weighted average common shares outstanding, Basic and diluted	35,500,000	100

- Denotes loss per share of less than \$0.01

VGAN BRANDS INC. (formerly 1161139 B.C. LTD.)
CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE INTERIM THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in Canadian Dollars)

	Number of Shares	Amount \$	Warrants reserve \$	Deficit \$	Total \$
Balance, June 30, 2020	100	1	–	(500)	(499)
Net loss for the period	–	–	–	–	–
Balance, September 30, 2020	100	1	–	(500)	(499)
Shares issued for cash	34,000,000	474,000	376,000	–	850,000
Shares repurchased	(100)	(1)	–	–	(1)
Net loss for the period	–	–	–	(133,194)	(133,194)
Balance, June 30, 2021	34,000,000	474,000	376,000	(133,694)	716,306
Shares issued for cash	2000,000	110,000	90,000	–	200,000
Net loss for the period	–	–	–	(118,328)	(118,328)
Balance, September 30, 2021	36,000,000	584,000	466,000	(252,022)	797,978

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

VGAN BRANDS INC. (formerly 1161139 B.C. LTD.)
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE INTERIM THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in Canadian Dollars)

For the interim three-month periods ended	September 30, 2021	September 30, 2020
	\$	\$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the period	(118,328)	–
Changes in non-cash working capital balances:		
GST receivable	(1,250)	–
Accounts payable and accrued liabilities	67,798	–
Cash used in operating activities	(51,780)	–
INVESTING ACTIVITIES		
Loans receivable	(75,000)	–
Cash used in investing activities	(75,000)	–
FINANCING ACTIVITIES		
Subscriptions received	200,000	–
Cash provided by financing activities	200,000	–
Net increase in cash during the period	73,220	–
Cash, beginning of the period	754,802	–
Cash, end of the period	828,022	–

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

VGAN BRANDS INC. (formerly 1161139 B.C. LTD.)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE INTERIM THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

VGAN Brands Inc. (formerly 1161139 B.C. Ltd.) (the "Company" or "VGAN") was incorporated under the Laws of the Province of British Columbia on April 19, 2018. On January 28, 2021, 1161139 B.C. Ltd. changed its name to Premium Vegan Brands Inc. On February 10, 2021, Premium Vegan Brands Inc. changed its name to VGAN Brands Inc. The address of the Company's corporate office and its principal place of business is #2800-666 Burrard Street, Vancouver, BC, Canada.

The Company began operations on December 30, 2020. The Company's principal business activity is evaluation of specialty food manufacturing investments and other business opportunities.

In early March 2020, there was a global outbreak of coronavirus (COVID-19) that has resulted in changes in global economic activity. These changes, including a potential economic downturn and any potential resulting direct and indirect negative impact to the Company cannot be determined, but they could have a prospective material impact to the Company's business activities, cash flows and liquidity.

These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

2. BASIS OF PRESENTATION

a) Statement of compliance

These unaudited condensed interim financial statements are prepared in compliance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. These condensed interim financial statements should be read in conjunction with the Company's financial statements for the year ended June 30, 2021.

These financial statements were authorized for issuance in accordance with a resolution by the Director on November 18, 2021.

b) Measurement basis

These financial statements have been prepared on the historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements are presented in Canadian Dollars, unless otherwise stated. The Canadian dollar is the functional and presentation currency of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The policies applied in these unaudited condensed interim financial statements are based on IFRS issued and outstanding as of November 18, 2021, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended June 30, 2021. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending June 30, 2021 could result in restatement of these unaudited condensed interim financial statements.

VGAN BRANDS INC. (formerly 1161139 B.C. LTD.)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE INTERIM THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020
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4. RELATED PARTY TRANSACTIONS AND BALANCES

The Company's related parties consist of the Company's directors and officers, and any companies associated with them. Unless otherwise noted, related party transactions were incurred in the normal course of operations and are measured at the amount established and agreed upon by the related parties.

- a) During the interim three-month period ended September 30, 2021, the Company incurred legal fees in the amount of \$62,798 (September 30, 2020 – \$nil) to a law firm in which the director has a partnership interest.
- b) As at September 30, 2021, \$164,775 (June 30, 2021 – \$101,976) was payable to the law firm in which the director has a partnership interest and is included in accounts payable and accrued liabilities in the financial statements.
- c) As at September 30, 2021, \$589 (June 30, 2021 – \$589) was payable to the former director of the Company and is included in accounts payable and accrued liabilities in the financial statements.

Amounts due to related parties are unsecured, non-interest bearing and will be paid under normal trade terms.

5. LOANS RECEIVABLE

On June 24, 2021, the Company issued a Promissory Note ("NextJen Note") to Gourmet Ghetto Food Ltd. ("NextJen") in the amount of \$81,500 pursuant to the Share Purchase Agreement ("SPA") dated May 21, 2021, see Note 10. The Note is repayable within 90 days from the date of termination of the SPA. The Note is repayable on demand if NextJen commits a breach under the SPA or if the Note proceeds are used for purposes other than the approved use of proceeds. The Note bears interest at 1% per annum on any amounts that are past due. The Note is secured by a general security agreement.

On July 19, 2021 and August 27, 2021, the Company issued Promissory Notes ("Good Flour Notes") to The Good Flour Corp. (formerly LOOPShare Ltd.) in the amounts of \$50,000 and \$25,000 respectively. The Good Flour Notes are repayable on demand. The Notes bear interest at 1.5% per annum.

6. SHARE CAPITAL

- (a) Authorized Share Capital
The Company is authorized to issue an unlimited number of common shares without par value.
- (b) Issued and Outstanding Common Share
On March 31, 2021, the Company repurchased 100 common shares for a total cost of \$1.
On March 31, 2021, the Company issued 34,000,000 units for total proceeds of \$850,000. Each unit is comprised of one common share and common share purchase warrant. Each full warrant will entitle the holder thereof to purchase one common share at a price of \$0.05 per common share. The warrants expire five years from date of issuance. The estimated fair value of the warrants of \$376,000 was calculated using the Black Scholes Option Pricing Model with the following grant-date assumptions: grant date stock price \$0.014; expected life, 5 years; expected volatility, 141%; risk free rate, 0.74%; and expected dividends, 0%. The residual amount of \$474,000 was attributed to the shares.
On July 23, 2021, the Company issued 2,000,000 units for total proceeds of \$200,000. Each unit is comprised of one common share and common share purchase warrant. Each full warrant will entitle the holder thereof to purchase one common share at a price of \$0.15 per common share. The warrants expire five years from date of issuance. The estimated fair value of the warrants of \$90,000 was calculated using the Black Scholes Option Pricing Model with the following grant-date assumptions: grant date stock price, \$0.055; expected life, 5 years; expected volatility, 141%; risk free rate, 0.74%; and expected dividends, 0%. The residual amount of \$110,000 was attributed to the shares.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE INTERIM THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020
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6. SHARE CAPITAL (continued)

(c) Warrants

As at September 30, 2021, the following warrants were outstanding:

Expiry Date	Number of Warrants	Exercise Price	Weighted average remaining contractual life (years)
March 31, 2026	34,000,000	\$0.05	4.50
July 23, 2026	2,000,000	\$0.15	4.81
	36,000,000	\$0.06	4.52

(d) Stock Options

On May 28, 2021, the Company executed a consulting agreement with a marketing consultant. The agreement provides for the consultant to be granted up to 3,000,000 incentive stock options to be vested on achieving certain milestones. As at September 30, 2021, no milestones have been achieved.

(e) Shares held in escrow

As at September 30, 2021, all shareholders of the Company have agreed to contractual escrow terms, being a 36 month voluntary trading restriction where 10% of each holder's shares are released at the listing date on the Canadian Securities Exchange of GFCO (defined below), and 15% of each holder's shares are released at the six, twelve, eighteen, twenty-four, thirty and thirty-six month anniversaries of the listing date.

7. INCOME TAXES

Future tax benefits which may arise as a result of these non-capital losses have not been recognized in these financial statements and have been offset by a valuation allowance.

No deferred income tax asset has been recognized because the amount of future taxable profit that will be available to realize such assets is unpredictable. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of deferred income tax asset considered realizable could change materially in the near term based on future taxable income during the carry forward period.

8. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern. The Company does not have any externally imposed capital requirements to which it is subject.

As at September 30, 2021, the Company had capital resources consisting of all components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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9. FINANCIAL INSTRUMENTS

Fair values

The Company's financial instruments include cash, GST receivable, loan receivable and accounts payable and accrued liabilities. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature.

The Company classifies its fair value measurements in accordance with the three-level fair value hierarchy as follows:

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 (i.e. as prices) or indirectly (i.e. derived from prices), and

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

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as follows:

	Level 1	Level 2	Level 3
	\$	\$	\$
As at September 30, 2021:			
Cash	828,022	–	–
As at June 30, 2021:			
Cash	754,802	–	–

Financial risk management objectives and policies

The Company's financial instruments include cash, GST receivable and accounts payable and accrued liabilities. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term. The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) *Credit risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and government receivables. To minimize the credit risk on cash the Company places the instrument with a financial institution. The Company exposure to credit risk mainly pertains to loan receivable of \$156,500.

(iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and operating activity. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

As at September 30, 2021, the Company had cash of \$828,022 (June 30, 2021 – \$754,802) to pay liabilities of \$187,864 (June 30, 2021 – \$120,066).

VGAN BRANDS INC. (formerly 1161139 B.C. LTD.)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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10. SHARE PURCHASE AGREEMENT

On December 30, 2020, the Company entered into a Term Sheet to acquire 100% of the issued and outstanding common shares of The Gourmet Ghetto Ltd. dba NextJen Gluten Free (the "NextJen"). The terms were accepted by the Company and NextJen, and on May 21, 2021 they entered into a definitive Share Purchase Agreement ("SPA").

The principal terms of the SPA are as follows:

- (i) The purchase consideration will be \$500,000 unsecured convertible promissory notes ("the Unsecured Notes") to the NextJen's shareholders.
- (ii) The Unsecured Notes issued to the NextJen's shareholders will vest as follows: \$62,500 after 3 months, \$62,500 after 6 months, \$62,500 after 9 months, \$62,500 after 12 months, \$62,500 after 15 months, \$62,500 after 18 months, \$62,500 after 21 months and \$62,500 after 24 months.
- (iii) On each vesting tranche, the holders of the Unsecured Notes have the option, subject to certain exemptions, to receive their respective portion in cash consideration or common shares issued at the price of the Concurrent Financing (as defined below).
- (iv) The Company will raise a minimum of \$1,000,000 (the "Concurrent Financing") concurrently with completing a going public transaction.

11. SHARE EXCHANGE AGREEMENT

On July 6, 2021, the Company entered into a Share Exchange Agreement ("SEA") with The Good Flour Corp. (formerly LOOPShare Ltd.) ("GFCO"). GFCO will acquire 100% of the issued and outstanding common shares of the Company.

The principal terms of the SEA are as follows:

- (i) GFCO shall apply to list its Class A common shares on the Canadian Securities Exchange and delist its Class A common shares from the TSX Venture Exchange.
- (ii) The Company shall complete the SPA transaction and Concurrent Financing, described in Note 10 above, on or before November 21, 2021.
- (iii) Each holder of the Company shares shall receive one GFCO share for each Company share held as purchase consideration. The parties acknowledge and agree that the fair market value of the consideration shares issued to the shareholders in exchange for the purchased shares will be equal to the fair market value of the purchased shares surrendered in exchange therefor, and such consideration shares represent the sole consideration received by the shareholders in exchange for the purchased shares.
- (iv) Each holder of the Company warrants shall receive one replacement warrant representing the right to acquire one GFCO share on the same terms as the existing Company warrants for each Company warrant held, following which all such Company warrants shall be cancelled.

12. SUBSEQUENT EVENTS

- a) On October 6, 2021 and October 27, 2021, the Company issued Promissory Notes to The Good Flour Corp. (formerly LOOPShare Ltd.) in the amounts of \$40,000 and \$775,000 respectively. The Promissory Notes are repayable on demand. The Promissory Notes bear interest at 1.5% per annum.
- b) On October 29, 2021, the Company issued 24,075,000 units for total proceeds of \$4,815,000. Each unit is comprised of one common share and one common share purchase warrant. Each warrant will entitle the holder thereof to purchase one common share at a price of \$0.25 per common share. The warrants expire five years from date of issuance.