

# **GLORIOUS CREATION LIMITED**

## **Condensed Interim Financial Statements**

(Expressed in Canadian dollars - unaudited)

**For the six months ended June 30, 2023**

## **NOTICE TO READER**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of the management. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

**VANCOUVER, BC**  
**August 29, 2023**

# Glorious Creation Limited

## Condensed Interim Statements of Financial Position

Expressed in Canadian dollars - unaudited

As at

	June 30, 2023	December 31, 2022
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash	361,307	648,401
Prepays (Note 7)	30,262	30,172
Receivables (Note 5)	117,021	117,021
<b>Total assets</b>	<b>508,590</b>	<b>795,594</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	54,502	29,534
Due to related parties (Note 7)	-	-
<b>Total current liabilities</b>	<b>54,502</b>	<b>29,534</b>
<b>Shareholders' equity</b>		
Share capital (Note 6)	4,861,202	4,861,202
Reserve (Note 6)	535,701	535,701
Deficit	(4,942,815)	(4,630,843)
<b>Total shareholders' equity</b>	<b>454,088</b>	<b>766,060</b>
<b>Total liabilities and shareholders' equity</b>	<b>508,590</b>	<b>795,594</b>

Nature of operations (Note 1)

Basis of preparation and going concern (Note 2)

Subsequent events (Note 11)

On behalf of the Board:

<u>"Liam Corcoran"</u>	Director
<u>"Toby Lim"</u>	Director

# Glorious Creation Limited

## Condensed Interim Statements of Loss and Comprehensive Loss

Expressed in Canadian dollars - unaudited

For the six months ended June 30,

	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	\$	\$	\$	\$
<b>General and administrative expenses</b>				
Accounting and auditing	4,000	26,000	18,000	31,622
Consulting	10,500	-	10,500	-
Director fees (Note 7)	31,500	3,150	63,000	6,300
Legal (Note 7)	60,645	117,380	88,229	152,734
Management fees (Note 7)	42,525	14,175	85,050	28,350
Travel and related	17,748	-	23,223	-
Office and miscellaneous	417	398	807	580
Registration and filing	3,150	8,400	9,043	14,583
Rent	5,992	5,241	11,984	10,481
Shareholder communication	-	538	-	1,326
Transfer agent and shareholder costs	722	3,139	2,136	4,085
<b>Operating loss for the period</b>	<b>(177,199)</b>	<b>(178,421)</b>	<b>(311,972)</b>	<b>(250,061)</b>
Recovery of accounts payable (Note 11)	-	20,349	-	20,349
<b>Net loss and comprehensive loss for the period</b>	<b>(177,199)</b>	<b>(158,072)</b>	<b>(311,972)</b>	<b>(229,712)</b>
<b>Weighted average number of common shares outstanding</b>	24,584,017	20,983,389	24,584,017	20,983,389
<b>Basic and diluted loss per common share</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>(0.01)</b>

# Glorious Creation Limited

## Condensed Interim Statements of Changes in Shareholders' Equity

Expressed in Canadian dollars - unaudited

	Share Capital		Reserve	Deficit	Total
	Number of common shares	Amount			
		\$	\$	\$	\$
<b>Balance, December 31, 2021</b>	<b>20,983,389</b>	<b>3,825,043</b>	<b>535,701</b>	<b>(4,098,512)</b>	<b>262,232</b>
Loss for the period	-	-	-	(229,712)	(229,712)
<b>Balance, June 30, 2022</b>	<b>20,983,389</b>	<b>3,825,043</b>	<b>535,701</b>	<b>(4,328,224)</b>	<b>32,520</b>
<b>Balance, December 31, 2022</b>	<b>25,209,207</b>	<b>4,861,202</b>	<b>535,701</b>	<b>(4,630,843)</b>	<b>766,060</b>
Loss for the period	-	-	-	(311,972)	(311,972)
<b>Balance, June 30, 2023</b>	<b>25,209,207</b>	<b>4,861,202</b>	<b>535,701</b>	<b>(4,942,815)</b>	<b>454,088</b>

# Glorious Creation Limited

## Condensed Interim Statements of Cash Flows

Expressed in Canadian dollars - unaudited

For the six months ended June 30, 2023

	2023	2022
	\$	\$
<b>Operating activities</b>		
Net loss for the period	(311,972)	(229,712)
Recovery of accounts payable	-	(20,349)
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	24,968	123,711
Prepays	(90)	(10,774)
Due to/from related parties	-	(2,100)
<b>Total cash used in operating activities</b>	<b>(287,094)</b>	<b>(139,224)</b>
<b>Investing activities</b>		
Note receivable	-	(96,900)
	-	(96,900)
<b>Change in cash</b>	<b>(287,094)</b>	<b>(236,124)</b>
<b>Cash, beginning of the period</b>	<b>648,401</b>	<b>291,284</b>
<b>Cash, end of the period</b>	<b>361,307</b>	<b>55,160</b>

Supplement disclosure with respect to cash flows (Note 10)

# Glorious Creation Limited

## Notes to the Condensed Interim Financial Statements

Expressed in Canadian dollars - unaudited

For the six months ended June 30, 2023 and 2022

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### 1. NATURE OF OPERATIONS

Glorious Creation Limited (the "Company" or "GCIT") was incorporated under the Canada Business Corporations Act on December 24, 2015 and was registered as an extra-provincial company in British Columbia on January 28, 2016. On September 5, 2017, the Company completed its initial public offering ("IPO") and trading of the Company's common shares commenced on the Canadian Securities Exchange ("CSE").

The Company is currently identifying and evaluating new potential asset or business acquisition as further described in Note 11.

The Company's head office and principal address is 401 - 750 West Pender Street, Vancouver, BC, Canada and the registered and records office of the Company is located at 900 – 885 West Georgia Street, Vancouver, BC, Canada.

### 2. BASIS OF PREPARATION AND GOING CONCERN

#### *Statement of compliance*

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting.

These interim financial statements do not include all of the information and note disclosures required for full annual financial statements and should be read in conjunction with the Company's annual financial statements as at the year ended December 31, 2022.

The accounting policies applied in preparation of these financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the year ended December 31, 2023.

These financial statements were authorized for issue by the Board of Directors on August 29, 2023.

#### *Basis of measurement*

These financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

#### *Going concern*

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operations for the foreseeable future and meet its obligations and commitments in the normal course of business. The Company currently is looking for new assets or businesses to acquire as further described in Note 11. It has no business that can generate revenue. At June 30, 2023, the Company had cash of \$361,307 (December 31, 2022 - \$648,401), a working capital of \$454,088 (December 31, 2022 -\$766,060) and a deficit of \$4,942,815 (December 31, 2022 - \$4,630,843). Management believes it has sufficient working capital to continue operations for the next 12 months. 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.

# Glorious Creation Limited

## Notes to the Condensed Interim Financial Statements

Expressed in Canadian dollars - unaudited

For the six months ended June 30, 2023 and 2022

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### 2. BASIS OF PREPARATION AND GOING CONCERN (continued)

In the past, operating and development capital requirements have been funded primarily from equity financing and the Company will need to arrange equity or other financing in the near future in order to continue in operation. While the Company has been successful in raising capital in the past, there can be no assurance that such financing will be available to the Company in the amount required or that it can be obtained on terms satisfactory to the Company.

These financial statements do not reflect the adjustments to the carrying values of the assets and liabilities, the reported expenses and the statements of financial position classifications that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

#### (i) Going concern evaluation

As discussed in note 2, these financial statements have been prepared under the assumptions applicable to a going concern. If the going concern assumption were not appropriate for these financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used and such adjustments could be material.

The Company reviews the going concern assessment at the end of each reporting period.

#### (iii) Income taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

### 4. SIGNIFICANT ACCOUNTING POLICIES

#### *Cash*

Cash includes cash held at major financial institutions and highly liquid guaranteed investment certificates that are readily available to the Company on demand or with maturity dates of three months or less.



# Glorious Creation Limited

## Notes to the Condensed Interim Financial Statements

Expressed in Canadian dollars - unaudited

For the six months ended June 30, 2023 and 2022

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### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### ***Share-based payment transactions***

The share option plan allows the Company's employees and consultants to acquire shares of the Company. The fair value of share options granted is recognized as a share-based compensation expense with a corresponding increase in the equity settled share-based payments reserve in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. For employees, the fair value is measured at grant date and each tranche is recognized separately on a straight-line basis over the period during which the share options vest. The fair value of the share options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the share options were granted. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received. However, if the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

#### ***Share capital***

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements was determined to be the more easily measurable and the Company considers the market value of the common shares issued as fair value. The balance, if any, was allocated to the attached warrants. Warrants that are issued as payment for an agency fee or other transaction costs are accounted for as share-based payments.

#### ***Loss per share***

Basic loss per share is calculated by dividing the loss for the year attributable to the ordinary shareholders by the weighted average number of common shares issued and outstanding during the year. Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. In years in which a loss is incurred, the effect of potential issuances of shares under options and warrants would be antidilutive and therefore basic and diluted loss per share are the same.

#### ***Lease***

Under IFRS 16, the Company recognizes right of use assets and lease liabilities for all leases except where the Company has elected to use the practical expedient to not recognize right-of-use assets and lease liabilities for low value assets or short-term leases under 1 year that are not expected to renew. As of June 30, 2023, and December 31, 2022, the Company only had a short-term lease relating to office space where no right-of-use assets or lease liabilities were recognized.

#### ***Provisions***

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

# Glorious Creation Limited

## Notes to the Condensed Interim Financial Statements

Expressed in Canadian dollars - unaudited

For the six months ended June 30, 2023 and 2022

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### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Financial instruments*

The Company recognizes a financial asset or a financial liability in its statement of financial position when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures a financial asset or a financial liability at its fair value plus or minus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or the financial liability.

#### Financial assets

The Company will classify financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss, based on its business model for managing the financial asset and the financial asset's contractual cash flow characteristics. The three categories are defined as follows:

- a) Amortized cost - a financial asset is measured at amortized cost if both of the following conditions are met:
  - i. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
  - ii. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- b) Fair value through other comprehensive income - financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- c) Fair value through profit or loss - any financial assets that are not held in one of the two business models mentioned are measured at fair value through profit or loss.

When, and only when, the Company changes its business model for managing financial assets it must reclassify all affected financial assets. The Company's financial assets are comprised of cash and note receivable which are classified as and measured at amortized cost.

#### Financial liabilities

The Company's liabilities include accounts payable and accrued liabilities, and due to related parties, which are all measured at amortized cost. After initial recognition, an entity cannot reclassify any financial liability.

#### *Impairment*

The Company assesses on a forward-looking basis the expected credit loss associated with its investments in debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

#### *New, amended and future accounting pronouncements*

Accounting standards and amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

# Glorious Creation Limited

## Notes to the Condensed Interim Financial Statements

Expressed in Canadian dollars - unaudited

For the six months ended June 30, 2023 and 2022

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### 5. RECEIVABLES

#### Note Receivable

As at June 30, 2023, the Company has \$96,900 (December 31, 2022 - \$96,900) recorded in connection to a promissory note issued in the amount of US\$75,000 due from Aeroponics Integrated Systems Inc. ("Aerobloom"), a company that is party to a definitive agreement with the Company as further described in Note 11. The promissory note bears nil interest, and is due and payable following the closing of the transaction, on demand or on termination of the definitive agreement within three months or 30 days pursuant to the certain terms of termination defined in the definitive agreement.

#### Other Receivable

As at June 30, 2023, other receivable is comprised of \$20,121 (December 31, 2022 - \$20,121), which consists of an additional loan to Aerobloom of US\$15,000, loaned on the same terms as the Note Receivable as described above.

### 6. SHAREHOLDERS' EQUITY

#### Share capital

Authorized:

Unlimited common shares without par value

As at June 30, 2023, the Company has 25,209,207 (December 31, 2022 – 25,209,207) common shares outstanding.

During the period ended June 30, 2023, there were no share capital issuances.

During the year ended December 31, 2022, on August 23, 2022, the Company closed a non-brokered private placement issuing 4,225,818 common shares of the Company at a price of \$0.25 per share for gross proceeds of \$1,056,455. The Company paid finder's fees totaling \$2,400 to certain arm's length finders who assisted with the offering and recorded share issuance costs of \$17,896. Shares issued under the Offering are subject to a statutory hold period in Canada expiring four months and one day from the date of issuance.

#### Stock options

In January 2017, the Company adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with CSE requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. Such options will be exercisable for a period of up to 10 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

# Glorious Creation Limited

## Notes to the Condensed Interim Financial Statements

Expressed in Canadian dollars - unaudited

For the six months ended June 30, 2023 and 2022

### 6. SHAREHOLDERS' EQUITY (continued)

As at June 30, 2023, there are no stock options outstanding.

As at the year ended December 31, 2020, and 2021, there were 17,857 stock options outstanding priced at \$4.20. During the year ended December 31, 2022, 17,857 stock options priced at \$4.20 expired unexercised on September 5, 2022.

#### Warrants

There were no warrant transactions during the period ended June 30, 2023 and the year ended December 31, 2022.

As at June 30, 2023, and December 31, 2022, the following warrants are outstanding:

Number of Warrants	Exercise Price	Expiry Date
18,181,818	\$ 0.07	July 24, 2024

### 7. RELATED PARTY TRANSACTIONS

- a) During the six months ended June 30, 2023, the Company paid or accrued management fees of \$63,000 (2022 - \$15,750) to a company controlled by the CEO of the Company. As of June 30, 2023, the Company prepaid \$12,587 (December 31, 2022 - \$12,497 prepaid) to a company controlled by the CEO management fees and office rent reimbursement for July 2023.
- b) During the six months ended June 30, 2023, the Company paid or accrued management fees of \$nil (2022 - \$12,600) to a company controlled by the former CFO of the Company. As of June 30, 2023, \$nil (December 31, 2022 - \$nil) was owed to a company controlled by the former CFO.
- c) During the six months ended June 30, 2023, the Company paid or accrued management fees of \$22,050 (2022 - \$nil) to a company controlled by the CFO of the Company. As of June 30, 2023, the Company prepaid \$3,675 (December 31, 2022 - \$3,675 prepaid) to a company controlled by the CFO for July 2023 management fees.
- d) During the six months ended June 30, 2023, the Company paid or accrued directors' fees of \$63,000 (2022 - \$6,300) to a company controlled by a director. As of June 30, 2023, the Company prepaid \$10,500 (December 31, 2022 - \$10,500 prepaid) to a company controlled by the director for July 2023 directors' fees.

# Glorious Creation Limited

## Notes to the Condensed Interim Financial Statements

Expressed in Canadian dollars - unaudited

For the six months ended June 30, 2023 and 2022

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### 8. CAPITAL RISK MANAGEMENT

The Company defines capital as the items included in shareholders' equity (deficiency). The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern, ensure sufficient capital and liquidity to complete its technology developments, establish commercial markets and pursue its growth strategy.

To support these objectives, the Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash. In order to maximize the development efforts, the Company does not pay out dividends during its development stage.

The Company is not subject to any externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the reporting year.

### 9. FAIR VALUE AND RISK MANAGEMENT

IFRS 13, Fair Value Measurement, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and,

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company measured its cash, note receivable, accounts payable and accrued liabilities, and due to related parties at amortized cost. The carrying values of these items approximate their fair value due to the relatively short periods to maturity of the instruments.

#### ***Credit risk***

Credit risk arises from cash held with financial institutions as well as credit exposure on outstanding receivables.

The Company's cash is held at high-credit rating financial institutions. The Company's maximum exposure to credit risk is the carrying amounts of cash, note receivable and receivables on its statement of financial position.

#### ***Currency risk***

Foreign currency risk arises from fluctuations in foreign currencies versus the Canadian dollar that could adversely affect reported balances and transactions denominated in those currencies. The Company currently has no significant assets or liabilities and has no revenue or expenses denominated in a foreign currency; accordingly, it is not exposed to foreign currency risk.

#### ***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at June 30, 2023, the Company had a cash balance of \$361,307 (December 31, 2022 -\$648,401) to settle current liabilities of \$54,502 (December 31, 2022 - \$29,534). All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

# Glorious Creation Limited

## Notes to the Condensed Interim Financial Statements

Expressed in Canadian dollars - unaudited

For the six months ended June 30, 2023 and 2022

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### 9. FAIR VALUE AND RISK MANAGEMENT (continued)

#### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company currently has no interest-bearing financial instruments other than cash, so its exposure to interest rate risk is insignificant.

### 10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Other than transactions disclosed elsewhere, there were no significant non-cash investing and financing transactions during the six months ended June 30, 2023, and the year ended December 31, 2022.

### 11. PROPOSED ACQUISITION OF AEROBLOOM

Subsequent to the period ended June 30, 2023, on July 30, 2023, the Company ("Glorious") entered into a definitive business combination agreement (the "Agreement") with AeroBloom, to acquire all of the issued and outstanding common shares of AeroBloom in exchange for securities of the Company (the "Transaction").

The Agreement replaces and supersedes the definitive share exchange agreement dated May 3, 2022 and amending agreement dated September 13, 2022 announced in the Initial News Releases.

#### **About AeroBloom**

AeroBloom is a private company incorporated under the laws of California. AeroBloom's core business is the development and use of proprietary aeroponics technology to harvest and cultivate various crops including tomatoes and bell peppers for distribution and retail. AeroBloom's technology, which includes hardware, software, and know-how (unique growing protocols) for the optimal cultivation of plant crops in controlled environments, provides advantages in terms of yield, water conservation, speed of growth, and quality of crops relative to other similar systems available for controlled environment agriculture. This, in turn, allows AeroBloom to produce food at a lower cost relative to other producers using similar systems. AeroBloom intends to construct a greenhouse capable of growing tomatoes and bell peppers using its proprietary aeroponics technology. Additional information regarding AeroBloom can be found on AeroBloom's website at [aerobloom.com](http://aerobloom.com).

Following completion of the proposed Transaction, the Company (the "Resulting Issuer") will hold all of the assets and continue the business of AeroBloom.

#### **The Transaction**

The Company agreed to acquire all of the issued and outstanding common shares (collectively, the "AeroBloom Shares") of AeroBloom in consideration for the issuance of the Subordinate Voting Shares (as defined below) and the Multiple Voting Shares (as defined below).

Pursuant to the terms of the Agreement, the Company agreed to issue 1.25 Subordinate Voting Shares for each AeroBloom Share (after AeroBloom completes a reorganization of its share capital (the "AeroBloom Share Reorganization")) and, for certain shareholders of AeroBloom, issue 0.04166667 Multiple Voting Shares for each AeroBloom Share (after the AeroBloom Share Reorganization).

Pursuant to the terms of the Agreement, the Company will create a new class of multiple voting shares (the "Multiple Voting Shares") and redesignate and amend its current class of CSE-listed common shares (the "Glorious Common Shares") as subordinate voting shares (the "Subordinate Voting Shares").

# Glorious Creation Limited

## Notes to the Condensed Interim Financial Statements

Expressed in Canadian dollars - unaudited

For the six months ended June 30, 2023 and 2022

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### 11. PROPOSED ACQUISITION OF AEROBLOOM (continued)

The Multiple Voting Shares and the Subordinate Voting Shares will have the same rights, be equal in all respects and will be treated by Glorious as if they were shares of one class only. Multiple Voting Shares will at any time, at the option of the holder, and subject to certain conditions to ensure that the Company remains a "foreign private issuer" (as such term is defined in Rule 405 of Regulation C under the U.S. Securities Act of 1933 (the "SEC Rules")), be convertible into Subordinate Voting Shares at a ratio of 50 Subordinate Voting Shares for each Multiple Voting Share.

Prior to conversion, each Multiple Voting Share will carry 50 votes per share (compared to one vote per Subordinate Voting Share). The Multiple Voting Shares are being created in order for the Company to continue to meet the definition of a "foreign private issuer" under the SEC Rules.

#### The Arrangement

The Transaction will be effected by way of a court-approved plan of arrangement (the "Arrangement") conducted pursuant to the provisions of the Business Corporations Act (British Columbia) (the "BCBCA") and will require the approval of at least: (a) two-thirds of the votes cast on the resolution in respect of the Arrangement (the "Arrangement Resolution") by shareholders of Glorious ("Glorious Shareholders") present in person or by proxy at a meeting of the Glorious Shareholders (the "Meeting"); (b) a simple majority of the votes cast on the Arrangement Resolution by Glorious Shareholders present in person or by proxy at the Meeting, excluding the Glorious Common Shares held directly or indirectly by "affiliates" and "control persons" of Glorious under National Instrument 41-101 – General Prospectus Requirements and Ontario Securities Commission Rule 56-501 – Restricted Shares; and (c) a simple majority of the votes cast on such resolution by Glorious Shareholders present in person or by proxy at the Meeting, excluding the Glorious Common Shares required to be excluded under Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions.

In regards to the Meeting, a management information circular (the "Information Circular") setting out the terms of the Arrangement, as well as further information regarding the Arrangement and the Transaction, will be circulated to all Glorious Shareholders in connection with the Meeting as soon as possible. Further details regarding the dates and locations of the Meeting will be provided once determined.

#### Previous Financing

AeroBloom previously announced that it had closed a crowdfunding regulation financing of common shares of AeroBloom Shares at a price of US\$0.37 per AeroBloom Share for gross proceeds of approximately US\$4.6 million, of which US\$1,400,000 of the gross proceeds have been deposited into escrow until the earlier of the closing of the Transaction or termination of the Agreement.

#### Conditions to the Transaction

Completion of the Transaction is subject to certain conditions including, but not limited to, receipt of all applicable shareholder, court and regulatory approvals, including approval of the CSE as well as such other closing conditions customary of transactions of this nature.

#### Trading Halt

The Glorious Common Shares are currently halted from trading, and the trading of the Glorious Common Shares is expected to remain halted pending completion of the Transaction.