The Planting Hope Company Inc.

Amended Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2021 and 2020
(Unaudited)
(Stated in United States dollars)

THE PLANTING HOPE COMPANY INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT:
(Stated in United States dollars)

	Notes		**September 30, 2021 (Unaudited)**		December 31, 2020 (Audited)
Assets					
Current assets					
Cash			**906,380**		28,794
Trade accounts receivable	**10**		**69,767**		31,465
Inventories	**5**		**355,923**		454,937
Prepaid expenses	**5**		**413,652**		74,307
Total current assets			**1,745,722**		589,503
Non-current assets					
Property and equipment			**22,455**		12,035
Total assets		**$**	**1,768,177**	$	601,538
Current liabilities					
Accounts payable and accrued liabilities			**938,353**		1,361,780
Short-term debt	**6**		**631,806**		1,175,000
Convertible debt	**7**		**2,633,964**		696,507
Derivative liability	**7**		**1,542,594**		-
Due to related parties	**9**		**59,924**		484,311
Total current liabilities			**5,806,641**		3,717,598
Non-current liabilities					
Government loans	**8**		**17,726**		15,517
Total liabilities		**$**	**5,824,367**	$	3,733,115
Shareholders' deficit					
Additional paid in capital (share capital)	**11**		**14,655,158**		9,022,788
Warrant reserve	**11**		**2,410,436**		-
Accumulated currency translation adjustment			**(3,461)**		-
Retained deficit			**(21,118,323)**		(12,154,365)
Total shareholders' deficit			**(4,056,190)**		(3,131,577)
Total liabilities and shareholders' deficit		**$**	**1,768,177**	$	601,538

Going concern (Note 1)
Subsequent events (Note 14)

Approved by the Board of Directors:

Signed *Kay Wong-Alafriz* , Director

Signed *Julia Stamberger* ,Director

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

THE PLANTING HOPE COMPANY INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF
LOSS AND COMPREHENSIVE LOSS
(unaudited)
(Stated in United States dollars)

	Notes	Three months ended September 30,		Nine months ended September 30,	
		2021	2020	**2021**	2020
Revenues	**12**	**$ 768,590**	$ 287,337	**$ 2,305,549**	$ 1,468,232
Trades spend		**(94,227)**	(78,030)	**(195,966)**	(310,402)
Spoilage & cash discounts		**(24,574)**	(53,365)	**(42,724)**	(216,696)
Net revenues	**12**	**649,789**	155,942	**2,066,859**	941,134
Cost of goods sold		**(436,194)**	(45,886)	**(1,092,354)**	(900,543)
Gross profit		**213,595**	110,056	**974,505**	40,591
Expenses					
Interest and accretion	**6,7,8**	**146,797**	40,676	**268,085**	146,762
Selling, general and administrative	**13**	**2,079,014**	517,323	**4,234,132**	2,169,220
Total expenses		**2,225,811**	557,999	**4,502,217**	2,315,982
Loss before other income (expense)		**(2,012,216)**	(447,943)	**(3,527,712)**	(2,275,390)
Other income (expense)					
Gain on lease termination		**-**	-	**-**	106,220
Other income	**4,11**	**352,619**	820	**405,452**	884
Equity-based compensation	**11**	**(2,360,783)**	-	**(2,360,783)**	-
Change in value on financial instruments		**(36,697)**	-	**(36,697)**	-
Government income	**8**	**134,496**	-	**206,901**	188,516
Merger transaction cost	**4**	**(3,651,119)**	-	**(3,651,119)**	-
Total other income (expense)		**(5,561,484)**	820	**(5,436,246)**	295,620
Net loss		**(7,573,700)**	(447,123)	**(8,963,958)**	(1,979,770)
Currency translation adjustment		**(3,461)**	-	**(3,461)**	-
Net comprehensive loss		**$ (7,577,161)**	$ (447,123)	**$ (8,967,419)**	$ (1,979,770)
Loss per share		**$ (0.14)**	$ -	**$ (0.19)**	$ -
Basic and diluted	**11**	**53,561,810**	-	**47,931,161**	-

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

THE PLANTING HOPE COMPANY INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT
(unaudited)
(Stated in United States dollars)

	Notes	Additional Share Capital	Warrant Reserve	Accumulated Other Comprehensive Loss	Deficit	Total
Balance, December 31, 2019 (unaudited)		**8,695,168**	**-**	**-**	**(9,624,637)**	**(929,469)**
Cash contribution		327,620	-	-	-	327,620
Net loss and comprehensive loss		-	-	-	(1,525,406)	(1,525,406)
Balance, September 30, 2020		**9,022,788**	**-**	**-**	**(11,150,043)**	**(2,127,255)**
Balance, December 31, 2020		**9,022,788**	**-**	**-**	**(12,154,365)**	**(3,131,577)**
Share issuance	**11**	2,865,402	-	-	-	**2,865,402**
Equity-based compensation	**11**	-	2,410,436	-	-	**2,410,436**
Debt conversion		2,766,968	-	-	-	**2,766,968**
Currency translation		-	-	(3,461)	-	**(3,461)**
Net loss		-	-	-	(8,963,958)	**(8,963,958)**
Balance, September 30, 2021		**14,655,158**	**2,410,436**	**(3,461)**	**(21,118,323)**	**(4,056,190)**

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

THE PLANTING HOPE COMPANY INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30,2021 AND 2020
(Unaudited)
(Stated in United States dollars)

	Notes		2021		2020
Cash provided by (used in) operating activities:					
Net loss		**$**	**(8,963,958)**	$	(1,979,772)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:					
Depreciation			**6,191**		78,538
Interest and accretion			**68,223**		107,855
Merger transaction cost	**4**		**3,651,119**		-
Government / Other Income	**8**		**(504,641)**		(178,516)
Gain on termination of lease			**-**		(106,220)
Loss on sale of equipment			**-**		1,818
Change in fair value on financial instruments			**36,697**		-
Warrants			**2,360,783**		-
Changes in:					
Trade accounts receivable			**(38,302)**		1,703
Inventories			**99,014**		304,762
Prepaid expenses			**(339,345)**		(26,381)
Accounts payable and accrued liabilities			**(270,477)**		(49,600)
Cash flows used in operating activities			**(3,894,696)**		(1,845,813)
Investing activities					
Cash acquired on merger transaction	**4**		**887,436**		-
Purchases of property and equipment			**(16,611)**		-
Cash provided by investing activities			**870,825**		-
Financing activities:					
Proceeds from convertible debt	**7**		**3,991,946**		415,684
Proceeds from SBA EIDL loan	**8**		**-**		149,900
Proceeds from (payments on) short-term debt	**6**		**(343,194)**		404,016
Proceeds from related parties	**9**		**59,313**		156,551
Proceeds from PPP loan	**8**		**197,314**		184,000
Additions to paid in capital			**-**		327,620
Cash provided by financing activities			**3,905,379**		1,637,771
Increase (decrease) in cash			**881,508**		(208,042)
Cash, beginning of period			**28,794**		342,362
Effects of currency translation on cash			**(3,922)**		-
Cash, end of period		**$**	**906,380**	$	134,320

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

1. NATURE OF OPERATIONS

The Planting Hope Company Inc. ("TPHC") was incorporated on November 19, 2020 by Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (British Columbia) as Campio Capital Corp. and changed its name to The Planting Hope Company Inc. on May 7, 2021. The principal business of the Company was to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by exercising of an option or by any concomitant transaction.

On August 25, 2021, TPHC completed the intended acquisition of Planting Hope Brands, LLC (formerly Spinning Wheel IP, LLC) ("PHB") (TPHC together with PHB, the "Company").

The head office and registered office of TPHC is located at c/o 400 – 725 Granville Street, Vancouver, British Columbia, V7Y 1G5.

PHB is a Delaware Company formed on February 8, 2016 and based in Illinois. PHB manufactures and distributes plant-based and sustainable food and beverages. The principal markets for PHB's products are in North America.

The corporate and registered office of PHB is 4710 N. Sheridan Road, Chicago, Illinois, 60640.

Going concern

These condensed interim consolidated financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. During the nine-month period end September 30, 2021, the Company generated a net loss of $8,963,958 (September 30, 2020 - $1,979,770) and negative cash flows from operations of $3,894,696 (September 30, 2020 - $1,845,813) and, as at that date, the Company had a retained deficit of $21,118,323 (December 31, 2020 - $12,154,365) and a negative working capital balance of $4,060,919 (December 31, 2020 – $3,128,095). As such, there is a material uncertainty related to these events and conditions that may cast significant doubt on the Company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. The continuation of the Company as a going concern is dependent on the ability of the Company to achieve positive cash flow from operations and/or obtain necessary equity or other financing to continue.

The ability of the Company to be successful in obtaining additional future financing cannot be predicted at this present time. These condensed interim consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the World. To date, the impacts to the Company relates to ingredient availability, pricing and availability of production workers. Management continues to actively monitor the global situation in order to mitigate any potential future impact on the Company's operations and financial performance.

1. NATURE OF OPERATIONS (Continued)

Management has evaluated these conditions and determined that this uncertainty is alleviated by its recent Initial Public Offering ("IPO") which was completed on November 12, 2021 which resulted in the Company raising net proceeds of $8,423,650 Canadian dollars (Note 14).

2. BASIS OF PRESENTATION

Consolidation

The accompanying condensed interim consolidated financial statements include the consolidated results of the Company. All intercompany accounts and transactions have been eliminated upon consolidation.

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") that are effective for the years presented. These condensed interim consolidated financial statements do not include all of the information required of full audited financial statements and it is therefore recommended that these condensed interim consolidated financial statements be read in conjunction with the annual financial statements for the year ended December 31, 2020 of TPHC and PHB.

The financial statements were authorized for issue by the Company's Board of Directors on February 11, 2022.

Basis of measurement

These condensed interim consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value.

Functional and presentation currency

These condensed interim consolidated financial statements are presented in United States dollars ("USD") which is the functional currency of PHB. The functional currency of the Company is Canadian dollars.

Comparative balances

PHB's reverse takeover ("RTO") of the Company accordingly includes in the consolidated financial statements a continuation of PHB. All prior period comparative amounts are those of PHB and include the results of the Company from the date of the RTO.

2. BASIS OF PRESENTATION (Continued)

Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates. Estimates and assumptions are reviewed on an ongoing basis and revisions are recognized in the year in which such estimates and assumptions are revised. These condensed interim consolidated financial statements have been prepared using the same judgments, estimates and assumptions as reported in PHB's December 31, 2020 audited annual financial statements with the addition of the following:

Convertible financial instruments

The Company makes estimates relating to the selection of appropriate market rates of interest to discount contractual interest and principal payments of compound financial instruments. There are also estimates related to the fair value of the embedded features which requires determining the most appropriate valuation model and the most appropriate inputs to the valuation model.

Share-based compensation

Share-based compensation expense is measured by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for granted equity instruments requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the equity instrument, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

3. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim consolidated financial statements have been prepared using the same significant accounting policies as reported in the Company's December 31, 2020 audited annual financial statements with the addition of the following:

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments

The Company recognizes share-based compensation expense for all warrants awarded to employees, officers and directors based on the fair value of the warrants at the date of the grant. The fair value of warrants granted to employees, officers, and directors is determined using the Black-Scholes option pricing model with market related inputs as of the date of grant. The fair value of warrants granted to consultants and agents is measured at the fair value of the services delivered unless fair value cannot be estimated reliably, in which case fair value is determined using the Black-Sholes option pricing model. Forfeitures are accounted for using estimates based on historical actual forfeiture. No forfeitures are expected. Upon the exercise of the warrants, consideration received, and the related amount is transferred from warrant reserve and recorded as share capital.

Loss per share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares. The weighted average number of common shares outstanding is increased by the total number of additional common shares that would have been issued by the Company assuming exercise of all share options and warrants with exercise prices below the average market price for the year.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

(Stated in United States dollars)

4. REVERSE TAKEOVER

On August 24, 2021, TPHC and PHB entered into an arms-length Securities Purchase Agreement (the "Transaction"). The purpose of the Transaction was to effectuate a reverse takeover ("RTO") of TPHC by PHB with the goal of listing the consolidated company on the TSX Venture ("TSX-V"). The Transaction resulted in PHB becoming a wholly owned operating subsidiary of TPHC and PHB will be the primary business of the Company.

For accounting purposes, it was determined that TPHC was the accounting acquiree and PHB was the accounting acquiror since the shareholders of PHB now control TPHC, based on the guidance of IFRS 10, Consolidated Financial Statements. TPHC was determined not to be a business as defined under IFRS 3, Business Combinations. Upon RTO, PHB recorded a listing expense based on the purchase price allocation.

The convertible debt owing from PHB to TPHC was effectively settled upon the acquisition of TPHC on August 24, 2021, resulting in a gain recorded in other income of $556,787.

TPHC agreed to acquire from each PHB unitholder all PHB units on the basis of one Multiple Voting Share ("MV Shares") to be exchanged for every one hundred PHB units held or one Subordinate Voting Shares ("SV Shares") to be exchange for every one PHB unit held. The total purchase price for all the issued and outstanding 45,069,173 PHB units consisted of an aggregate of 450,659 newly issued MV Shares and 3,273 newly issued SV Shares issued to PHB unitholders. In addition, the parties agreed basis to issue employee warrants with the right to purchase 930,825 SV Shares for which issuance occurred on November 1, 2021.

The common shares were valued at CAD $0.40 per share which was deemed to be the fair value price per SV share. Through the Transaction, the shareholders of TPHC obtained approximately 15% of the combined entity. As such, PHB calculated the fair value of that ownership percentage that was obtained by TPHC shareholders through the transaction, as consideration. For the period ended September 30, 2021, the merger transaction cost is comprised of the purchase consideration of the Transaction less the value of TPHC's net liabilities acquired.

The Transaction was recorded as follows:

Consideration:		
Value of equity instruments	$	2,632,356
Value of net liabilities:		
Cash		887,436
Convertible loan receivable		1,869,661
Accounts payable and accrued liabilities		(175,522)
Derivative liability		(1,252,621)
Convertible debt		(2,347,717)
Total		**(1,018,763)**
Merger transaction cost	**$**	**3,651,119**

(Stated in United States dollars)

5. INVENTORIES AND PREPAIDS

Inventories consists of the following:

		2021		2020
Ingredients	**$**	**95,237**	$	83,148
Packaging		**78,686**		235,022
Finished goods		**191,389**		384,484
Reserve for obsolete inventories		**(9,389)**		(247,717)
Total inventories	**$**	**355,923**	$	454,937

During the nine-month and three-month periods ended September 30, 2021, $1,046,529 and $392,801, respectively (2020 – nine-months $857,552; three-months $36,944) of inventory was expensed to cost of sales.

Prepaid consists of the following:

		2021		2020
Insurance	**$**	**2,714**	$	17,147
Security deposit		**11,750**		-
Deposits for inventory purchases		**287,257**		57,160
Trade show deposits		**37,108**		-
Service contracts		**74,823**		-
Total prepaid	**$**	**413,652**	$	74,307

6. SHORT TERM DEBT

Short term debt consists of the following:

		2021		2020
Inventory term loans (i)	**$**	**100,000**	$	600,000
Unsecured term loans (ii)		**225,000**		125,000
Secured loans (iii)		**250,000**		450,000
PO financing (iv)		**56,806**		-
	$	**631,806**	$	1,175,000

i) The inventory term loans, secured by inventory of the Company, consists of the following:

a. Promissory note having a principal balance of $100,000 (2020 – $600,000) requiring interest only payments until the maturity date of November 12, 2020, at which time principal and any unpaid interest is due in full. This loan was not repaid at maturity and remains outstanding as of September 30, 2021. Interest accrues at a rate of 15% per annum and increases to 17% per annum if principal and interest are not paid in full by the maturity date. The target inventory level must be at least equal to the amount of borrowing. On November 30, 2021, this inventory term loan having a principal balance of $100,000 and accrued interest of $10,312 was settled in cash.

6. SHORT TERM DEBT (Continued)

ii) Unsecured term loans consist of the following:

a. Promissory note, due to a party related as a family member of a founding member, having a principal balance of $100,000 (2020 - $100,000) with a maturity date of March 31, 2021, and an extension option date of June 30, 2021, at which time principal and any unpaid interest is due in full. Interest accrues at a rate of 15% per annum. This loan was not repaid by June 30, 2021 and remained outstanding under the original terms as of September 30, 2021. On November 23, 2021, this unsecured promissory note having a principal balance of $100,000 and accrued interest of $12,575 was settled in cash.

b. Promissory note, due to a party related through share holdings, having a principal balance of $100,000 (2020 - $nil) with a maturity date of March 31, 2021, and an extension option date of June 30, 2021, at which time principal and any unpaid interest is due in full. Interest accrues at a rate of 15% per annum. This loan was not repaid by June 30, 2021 and remained outstanding under the original terms as of September 30, 2021. On November 22, 2021, this unsecured promissory note having a principal balance of $100,000 and accrued interest of $13,972 was settled in cash.

c. Promissory note having a principal balance of $25,000 (2020 - $25,000) requiring interest only payments until the maturity date of February 28, 2020, at which time principal and any unpaid interest is due in full. Interest accrues at a rate of 6% per annum. This loan was not repaid at maturity and remains outstanding under the original terms. On December 16, 2021 this unsecured term loan having a principal balance of $25,000 and accrued interest of $3,378 was settled in cash.

iii) Secured term loans consist of the following:

a. Promissory note, due to directors, having a principal balance of $250,000 (2020 - $450,000) requiring interest only payments until the maturity date of July 7, 2020, at which time principal and any unpaid interest is due in full. Interest accrues at a rate of 12% per annum up to July 7, 2020, and 14% thereafter if not paid in full. This loan was not repaid at maturity and remains outstanding under the original terms. On November 22, 2021, this secured promissory note having a principal balance of $250,000 and accrued interest of $56,731 was settled in cash.

iv) PO Financing loan consist of the following:

Short-term loan based on purchase orders from one customer. When the purchase order is placed by the customer, the Company receive funding to support the inventory required. Interest accrues at a rate of 18% per annum. When the customer pays the invoice, this loan becomes due with accrued interest. As at September 30, 2021, the customer had not paid on their invoice as it was not yet due, so the loan was not due to be repaid. On October 31, 2021 and December 23, 2021, a PO financing loan having a principal balance of $56,056 was settled in cash through two payments including interest. The first payment totaling $26,661 of principal and $1,104 of interest. The second payment totaling $30,145 of principal and $1,378 of interest.

As of August 24, 2021, $200,000 in short term debt was converted to 1,089,371 common shares including $62,827 of accrued interest.

As of September 30, 2021, accrued interest on the above loans was $84,490 (2020 - $26,559) and has been recorded in accounts payable and accrued liabilities.

(Stated in United States dollars)

7. CONVERTIBLE DEBT

Between the period from February 2, 2021, to June 30, 2021, PHB issued unsecured Convertible Debentures (“Debenture”) for aggregate proceeds of $775,000. Each Debenture bears interest at a rate of 1.25% per annum. Principal and interest, if not converted, is due on the first anniversary date of the Debenture agreement. As of August 24, 2021 the convertible notes including the amount of $775,000 were converted to shares (Note 11(iii)).

During the period ended June 30, 2021 and September 30, 2021, the Company issued unsecured Convertible Notes (“Notes”) for aggregate proceeds of $3,909,602 (CAD $5,000,000). The Notes accrue a simple rate of interest at 2% per annum, payable semi- annually. Finders’ shares and warrants were issued on August 31, 2021, and the corresponding value was included as an issuance cost of the Notes. The total value was prorated based on the relative values of the convertible note and derivative liability, the amount attributable to the convertible note was included as a debt issuance cost and the amount attributable to the derivative liability was expensed.

The Notes contain the following conversion options:

i. At the option of the holder, from the date of completion of an IPO until one day preceding the maturity date; If the Company completes an IPO on or before June 30, 2022 (“IPO Closing”), the Notes shall be convertible at the option of the holder from the date of completion of the IPO closing until one day preceding the maturity date a price equal to:

    a. 15% discount to the share price of the IPO if converted from the date of the IPO Closing until one day preceding the Maturity date; or

    b. 30% discount to the share price of the IPO if automatically converted on the Maturity Date

As the Notes do not have a fixed conversion price, it does not meet the fixed for fixed criteria, therefore the fair value of the conversion feature was classified as a derivative liability. The estimated value of the conversion feature was determined based on the expected “in-the-money” value of the Notes using the following estimates:

i) 70% conversion price to the IPO price; ii) probability of IPO occurring of 100%; iii) expected time to IPO Closing of 1.38 years and risk-free rate of 0.25%. The residual debt host portion of the Notes was accreted using an effective interest rate (“EIR”) of approximately 3.6% per month. Accretion expense has been included in accretion and interest in the statements of loss and comprehensive loss.

A summary of the convertible note is as follows:

		$4M CAD Tranche		$1M CAD Tranche		Total
As at December 31, 2020	$	-	$	-	$	-
Recognized on RTO / initial		2,347,578		465,357		2,812,935
Accretion expense		62,829		-		62,829
Foreign currency impact		(22,564)		-		(22,564)
Issuance of finders’ fee (1)		(219,236)		-		(219,236)
As at September 30, 2021	$	2,168,607	$	465,357	$	2,633,964

(1) Convertible debt issued during the period ended June 30,2021 prior to the RTO date, the finders fee was issued on August 31, 2021.

(Stated in United States dollars)

7. CONVERTIBLE DEBT (Continued)

A summary of the derivative liability is as follows:

		$4M CAD Tranche		$1M CAD Tranche		Total
As at December 31, 2020	$	-	$	-	$	-
Recognized on RTO / initial		1,252,546		266,501		1,519,047
Foreign currency impact		(13,183)		-		(13,183)
Fair value adjustment		36,730		-		36,730
As at September 30, 2021	$	**1,276,093**	$	**266,501**	$	**1,542,594**

As at September 30, 2021, interest accrued and recorded in accounts payable and accrued liabilities totaled $22,159 (2020 - $nil).

8. GOVERNMENT LOANS

SBA EDIL Loan

On June 11, 2020, the Company executed a long-term loan agreement with the US Small Business Administration ("SBA Loan") in the amount of $150,000. The SBA Loan has a 30-year term, an interest rate of 3.75% per annum, and requires monthly principal and interest payments commencing 12 months from the date the funds were received by the Company. The loan is secured by assets of the Company and matures June 22, 2050. An effective interest rate of 17.8% was used to discount the anticipated future cash flow of the loan and determine the carrying value at the date of entering into the loan agreement. The effective interest rate of 17.8% approximates the costs of corporate bonds with similar repayment terms.

		Carrying Value
Loan advanced, net of fees	$	149,900
Benefit on low interest loan		(135,701)
Accretion		1,318
Loan payable at December 31, 2020		**15,517**
Accretion		2,209
Loan payable at September 30, 2021	**$**	**17,726**

During the nine-month and three-month periods ended September 30, 2021, interest expense recorded and accrued on the loan was $7,043 and $4,163, respectively (September 30, 2020 – nine-month $2,851 and three-month $nil) and is included in accounts payable and accrued liabilities.

Paycheck Protection Program

On February 16, 2021, the Company executed a loan agreement with the Bank of Rantoul under the US Government sponsored Paycheck Protection Program ("PPP Loan"). The Company obtained $197,314 with an interest rate of 1% per annum payable at the end of the term of the loan. The loan matures on February 16, 2026. Under the terms of the PPP Loan, loan amounts are to be utilized during an 8 to 12-week period commencing at the date of signing the PPP Loan on specific US based expenditures including payroll and benefits of employees, rent and utilities. Under the terms of an PPP Flexibility Act

(Stated in United States dollars)

8. GOVERNMENT LOANS (Continued)

(signed on June 5, 2020) repayment of the PPP Loan commences 10 months following the cover period. At maturity, the remaining unpaid principal plus accrued interest is due and payable.

An effective interest rate of 17.8% was used to discount the anticipated future cash flow of the loan and determine the carrying value at the date of entering into the loan agreement. The effective interest rate of 17.8% approximates the costs of corporate bonds with similar repayment terms.

On August 24, 2021, the Company received forgiveness. The loan payable balance was then removed and recorded as Government Income.

		Carrying Value
Loan advanced, net of fees	$	197,314
Benefit on low interest loan		(72,045)
Accretion		9,227
Government income	$	134,496

9. RELATED PARTY TRANSACTIONS

As at September 30, 2021 $nil (December 31, 2020 - $383,228) deferred compensation was due to the Company's founding members which was deferred to assist the Company in funding operations. The balance of $445,123 was converted to shares through the issuance of 1,831,625 equivalent amount of SV shares (Note 11(iii)).

On August 25, 2021, the Company converted to shares $41,159 previously included in due to related parties through the issuance of 169,364 equivalent amount of SV shares. As of September 30, 2021, the balance due to these related parties was $59,924 (December 31, 2020 - $101,083).

On August 25, 2021, the Company paid $103,000 in consulting expenses owed to a founding member through the issuance of 427,699 equivalent amount of SV shares (Note 11(iii)). As of September 30, 2021, the balance due to these related parties was $nil (December 31, 2020 - $88,416).For the period ended September 30, 2021, $nil in consulting fees to a founding member were expensed (September 30, 2020 - $54,002)

On August 25, 2021, the Company paid $45,435 for consulting expenses due to a sibling of a founding member through the issuance of 186,959 equivalent amount of SV shares (Note 11(iii)). Additionally, as of September 30, 2021, the Company included in consulting expenses $10,056 (September 30, 2020 - $11,652) for services rendered by a sibling of a founding member.

A founder of the Company is also a shareholder in another company that sells services to the Company. The Company expensed $15,078 during the period ended September 30, 2021 (September 30, 2020 - $nil).

Transactions with related parties are incurred in the normal course of business and initially measured at fair value.

Key management personnel include executive officers and directors. As of September 30, 2021, key management compensation totaled $464,512 (September 30, 2020 - $471,121).

10. FINANCIAL INSTRUMENTS

(a) Risk management

The Company's activities expose it to a variety of financial risks including credit risk, liquidity risk and market risk. This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these condensed interim consolidated financial statements. The Company employs risk management strategies to ensure that any exposures to risk are in compliance with the Company's business objectives and risk tolerance levels. While the Board of Directors has the overall responsibility for the Company's risk management framework, the Company's management has the responsibility to administer and monitor these risks.

(b) Fair value of financial instruments

The fair values of cash, trade accounts receivable, accounts payable and accrued liabilities, short-term debt, and due to related parties approximate their carrying values due to the short-term maturity of those instruments. The fair values of convertible debt, derivative liability, SBA EIDL loan and PPP loan approximate its carrying value as it bears interest at an effective rates or fixed rates consistent with market rates for similar debt.

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.

Level 2: Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

(c) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company maintains its cash in bank deposits which, at times, may exceed federally insured limits. The Company believes it is not exposed to any significant credit risk on its cash as it is held with reputable financial institutions in the United States.

The principal markets for the Company's products are in the United States; however, a portion of sales are to foreign distributors. Management performs continuing credit evaluations of its customers and generally does not require collateral. Historically, the Company has not experienced significant losses related to receivables from individual customers.

(Stated in United States dollars)

10. FINANCIAL INSTRUMENTS (Continued)

The Company derived approximately 87% of its total sales from three customers for the period ended September 30, 2021. The Company derived approximately 79% of its total sales from five customers for the period ended September 30, 2020.

The Company has taken the approach of reviewing its trade receivables and estimating an expected credit loss based on the length of past due, payment history, and total sales. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available. The Company's maximum exposure to credit risk for accounts receivable is equal to the carrying value of accounts receivable on the consolidated statements of financial position shown net of an appropriate allowance for expected credit losses.

Significant changes in industry conditions will increase the risk of not collecting receivables. Management believes the risk is generally mitigated by the size and reputation of the companies to which they extend credit. As of September 30, 2021 and December 31, 2020, the Company's accounts receivable are comprised of the following:

		2021		2020
Less than 60 days overdue	**$**	**29,191**	$	(9,659)
Greater than 60 days over due		**58,886**		61,374
Total trade receivables		**88,077**		51,715
Less: allowance for expected credit losses		**(18,310)**		(20,250)
Total trade receivables	**$**	**69,767**	$	31,465

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure it will have sufficient liquidity to meet its liabilities when due. The Company's ongoing liquidity is impacted by various external events and conditions, including commodity price fluctuations and global economic conditions. The Company manages this risk through detailed monitoring of budgeted and projected operating results and cash requirements. Senior management regularly reviews levels of sales and monitors obligations and customer credit facilities.

The Company's liabilities currently exceeds its assets. The Company expects to repay its financial liabilities in the normal course of operations and to fund future operational and capital requirements through operating cash flow, as well as future equity and debt financings.

The Company's liabilities include obligations relating to its issuance of convertible notes to investors totaling approximately $4,000,000. The Company has the ability to make a cash settlement offer to the convertible note holders should it have sufficient cash and considers such payment to be in the best interests of the Company taking into account the Company's liquidity risk management strategy. However, the convertible note holders have no obligation to accept the Company's cash offer, at which time those convertible notes will convert to Subordinate Voting Shares, nor can the holders force the Company to redeem their convertible notes for cash. Should the Company not make a cash offer to settle all or part of the convertible notes that remain unconverted during their term, which early conversion is at the sole discretion of the holders, then all remaining convertible notes that have not been converted by the holders prior to the end of the term will automatically convert into Subordinate Voting Shares at the end of the term (Note 7).

(Stated in United States dollars)

10. FINANCIAL INSTRUMENTS (Continued)

The table below summarizes the maturity profile of the Company's financial liabilities at September 30, 2021 and December 31, 2020 based on contractual payments:

As at September 30, 2021	**Less than 1 year**	**1 to 2 years**	**2 to 5 years**	**> 5 years**	**Total**
Accounts payable and accrued liabilities	937,152	-	-	-	937,152
Short-term debt	631,806	-	-	-	631,806
Convertible debt	-	4,032,967	-	-	4,032,967
Due to related parties	59,924	-	-	-	59,924
SBA EIDL Loan	-	3,474	17,992	128,534	150,000
Total	**$1,628,882**	**$4,036,441**	**$17,992**	**$128,534**	**$5,811,849**

As at December 31, 2020	**Less than 1 year**	**1 to 2 years**	**2 to 5 years**	**> 5 years**	**Total**
Accounts payable and accrued liabilities	1,361,780	-	-	-	1,361,780
Short-term debt	1,175,000	-	-	-	1,175,000
Convertible debt	-	696,507	-	-	696,507
Due to related parties	484,311	-	-	-	484,311
SBA EIDL Loan	-	262	10,007	139,731	150,000
Total	$3,021,091	$696,769	$10,007	$139,731	$3,867,598

(e) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate cash flow risk to the extent that changes in market interest rates impact its loans and debt when new terms are negotiated. The Company's current debt carries fixed rate of interest. The Company had no interest rate swaps or financial contracts in place as at or during the periods ended September 30, 2021, and 2020.

(f) Capital management

The Company's capital management policy is to maintain a good capital base that optimizes the Company's ability to grow, maintain investor and creditor confidence and to provide a platform to create value for its shareholders. The Company's officers are responsible for managing the Company's capital and do so through management meetings and periodic board meetings including reviews of financial information. In 2022 and going forward this will also include board review of budgets and forecasts. The Company considers its capital structure to include equity, loans, and debt.

(Stated in United States dollars)

10. FINANCIAL INSTRUMENTS (Continued)

The Company monitors capital based on its current working capital, projected cash flow from operations and anticipated capital expenditures. In order to manage its capital structure, the Company prepares annual operating budgets and business plans, which are updated as necessary. The annual and updated budgets are prepared by the Company's management and reviewed by the Board of Directors. The budget results are regularly reviewed and updated as required.

In order to maintain or adjust the capital structure, the Company may issue shares, seek debt financing and adjust its capital spending to manage its current and projected capital structure. The Company's ability to raise additional debt or equity financing is impacted by external factors, including global economic conditions. The Company continually monitors economic and general business conditions.

The Company's capital management policy has not changed during the periods ended September 30, 2021 and 2020.

11. SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of subordinate voting shares and multiple voting shares.

Issued

Common Shares	**Number of Shares**		**Value**
Carrying value of TPHC as at December 31, 2020	-	$	9,022,788
Carrying value of TPHC	8,300,000		133,847
Debt conversion (iii) (Notes 6,7,9)	-		2,766,968
Issued to finders (i)	585,750		185,730
Issued to finders (ii)	150,000		47,316
Elimination of PHB shares and THPC equity (Note 4)	-		(133,847)
Shares issued to affect RTO (Note 4)	45,069,175		2,632,356
As of September 30, 2021	54,104,925	$	14,655,158

(i) On August 31, 2021, the Company issued 585,750 SV Shares at a price of CAD $0.40 per SV Share and 585,750 warrants as finders fees for the CAD $4,000,000 convertible debenture. The gross value of the shares issued is $185,730. Each warrant entitles the holder to purchase one SV Share of the Company at an exercise price of CAD $0.40 per unit for a period of two years. The value attributed to the warrants based on the Black Sholes model is $130,011.

(Stated in United States dollars)

11. SHARE CAPITAL (Continued)

(ii) On September 29, 2021, the Company issued 150,000 SV Shares at a price of CAD $0.40 per SV Share and 150,000 warrants as finders fees for the CAD $1,000,000 convertible debenture. The gross value of the shares issued is $47,316. Each warrant entitles the holder to purchase one SV Share of the Company at an exercise price of CAD $0.40 per unit for a period of two years. The value attributed to the warrants based on the Black Sholes model is $33,120.

(iii) 4,023,567 equivalent amount of SV shares with a value of $2,766,968 were issued to settle debt amounts included in due to related party, convertible debt and accounts payable and accrued liabilities in the amount of $2,507,920 resulted in a loss of $259,048 included in other income.

Warrants

On August 31, 2021, the Company issued 9,000,000 SV share purchase warrants and 180,000 MV Share purchase warrants.

The SV share purchase warrants entitle the holder to purchase one common unit of the Company at an exercise price of CAD $0.25 per SV Share for a period of five years. The value attributed to the warrants based on the Black Sholes models is $2,247,305.

The MV share purchase warrants entitle the holder to purchase one MV Share of the Company at an exercise price of CAD $1.00 per unit for a period of five years. The value attributed to the warrants based on the Black Sholes models is $nil.

Warrant Issue Date	Warranty Expiration		Strike Price $(CAD)	Number of Warrants	Weighted average term remaining (years)	Valuation $(USD)
8/31/2021	8/31/2023	(i)	0.40	585,750	1.92	130,011
8/31/2021	11/12/2026		0.25	3,150,001	5.12	786,557
8/31/2021	11/12/2026		0.25	3,199,998	5.12	799,041
8/31/2021	11/12/2026		0.25	2,650,001	5.12	661,707
9/28/2021	9/29/2023	(ii)	0.40	150,000	2.00	33,120

The estimated value of the warrants is based on the Black-Sholes option pricing model with the following assumptions:

Dividend yield	0%
Expected volatility	110% - 148%
Risk free interest rate	1% - 1.45%
Share price	$0.25 - $0.40
Term	2 - 5 years
Fair value of warrants	$0.25 - $0.31

The performance warrants and employee warrants are accounted for as equity-based compensation on the statement of loss and comprehensive loss. The finders warrants and subordinate voting shares associated with the finders' warrants are allocated amongst the convertible notes in the amount of $272,067 to which they're attributed to, as well as expense in the amount of $123,634 (Note 7).

(Stated in United States dollars)

11. SHARE CAPITAL (Continued)

Loss per share

The calculation of weighted average shares outstanding for the diluted loss per share calculation excludes the impact of the conversion of debentures as the effect is anti-dilutive.

The Company received revenue from product and service sales to Canadian, U.S. and International customers, which is derived from one operating segment.

12. SEGMENT REPORTING

The Company received revenue from product and service sales to Canadian, U.S. and International customers, which is derived from one operating segment.

Geographic gross revenue is summarized as follows for the nine months ended September 30:

		2021		2020
Canada	$	**19,841**	$	22,925
U.S.		**2,285,708**		1,404,725
International		**-**		40,582
	$	**2,305,549**	$	1,468,232

All of the Company's non-current assets are located in the U.S.

Sales channel net sales revenue is summarized as follows for the nine months ended September 30:

		2021		2020
Wholesale	$	**343,696**	$	509,081
Non-traditional		**1,467,212**		19,152
eCommerce		**255,951**		413,031
	$	**2,066,859**	$	941,264

13. SELLING, GENERAL AND ADMINISTRATIVE

Selling, general and administrative consists of the following:

	Three months ended September 30,				Nine months ended September 30,			
		2021		2020		**2021**		2020
Payroll and recruiting	$	**523,580**	$	287,806	$	**1,184,950**	$	961,4
Professional Fees		**722,854**		46,216		**879,770**		140,124
General office expenses		**151,411**		76,647		**367,155**		367,486
Outbound Freight		**86,223**		45,354		**204,380**		206,798
Advertising and Marketing		**594,946**		61,300		**1,597,877**		493,395
Total Selling, general and administrative	$	**2,079,0**	$	517,323	$	**4,234,132**	$	2,169,22

14. SUBSEQUENT EVENTS

On November 12, 2021, the Company completed its initial public offering through the sale of 22,500,000 Shares at a price of CAD $0.40 per Share (the "Offering Price") for gross proceeds of CAD $9,000,000 (the "Offering"). The Shares are listed on the TSX-V and began trading at market open on November 18, 2021 under the symbol "MYLK".

Canaccord Genuity Corp. (the "Agent") acted as agent in connection with the Offering. In consideration for its services under the Offering, the Agent received a cash payment in the amount of CAD $315,000, 787,500 Shares and 1,575,000 warrants (the "Agent Warrants"), each Agent Warrant is exercisable to acquire one Share (an "Agent Warrant Share") at an exercise price of CAD $0.40 per share until November 12, 2023, of which 112,500 Agent Warrants and the Agent Warrant Shares issued on the exercise of such Agent Warrants are subject to a hold period and may not be traded until March 13, 2022 except as permitted by applicable securities legislation.

The Agent was also granted an over-allotment option to purchase up to an additional 3,375,000 Shares a the Offering Price for additional gross proceeds of up to CAD $1,350,000 (the "Over-Allotment Option"). The Over-Allotment Option could be exercised for a period of up to 30 days from the closing date of the Offering.

On November 26, 2021, the Agent exercised its option in full to purchase an additional 3,375,000 shares at an exercise price of CAD $0.40 per share, and total gross proceeds of CAD $1,350,000 were received. In connection with the over-allotment option exercise, the Agent received a cash payment in the amount of CAD $47,250, 118,125 Shares and 236,250 warrants (the “Agent Warrants”), each Agent Warrant is exercisable to acquire one Share (an “Agent Warrant Share”) at an exercise price of CAD $0.40 per share until November 26, 2023, of which 16,875 Agent Warrants and the Agent Warrant Shares issued on the exercise of such Agent Warrants are subject to a hold period and may not be traded until March 27, 2022 except as permitted by applicable securities legislation.

On January 13, 2022, the Company signed a definitive agreement and closed the acquisition of Better Foods Inc.’s (dba RightRice) business assets for $7,000,000 which consisted of a cash payment of $4,000,000 and two promissory notes for $2,000,000 and $1,000,000, respectively.

The first promissory note of $2,000,000 has an annual interest rate of 5%. Principal and interest due upon completion of additional securities offerings of securities for at a minimum of $4,000,000. The maturity date of first promissory note is March 31, 2022.

The second promissory note of $1,000,000 has an annual interest rate of 5%. Principal and interest are due January 2023.