

Trusted Brand 2016 Inc.
(A Capital Pool Company)
Condensed interim financial statements
For the three months ended March 31, 2020 and 2019
(Expressed in Canadian dollars)

July 28, 2020

Management's Report to the Shareholders

Management is responsible for the reliability and integrity of these condensed interim financial statements. The accompanying condensed interim financial statements have been prepared by management in accordance with International Accounting Standards ("IAS") 34 - Interim Financial Reporting and are in accordance with International Financial Reporting Standards ("IFRS"). The condensed interim financial statements are presented in Canadian Dollars.

The accompanying condensed interim financial statements have been prepared using policies and procedures established by management and reflect fairly the Corporation's financial position, results of operations and changes in financial position, within reasonable limits of materiality and within the framework of the accounting policies outlined in the notes to the condensed interim financial statements. Management has established and maintains a system of internal controls which is designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and financial information is reliable and accurate.

The Board of Directors (the "Board") is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board is assisted in exercising its responsibilities through the Audit Committee of the Board, which is composed of a majority of non-management directors. The Audit Committee meets periodically with management and the auditors to satisfy itself that management's responsibilities are properly discharged, to review the condensed interim financial statements and to recommend approval of the condensed interim financial statements to the Board.

The following condensed interim financial statements are unaudited.

Signed "Ted Geier"

Ted Geier, CEO

Signed "Kevin Saskiw"

Kevin Saskiw, CFO

Trusted Brand 2016 Inc.
Condensed Interim Statements of Financial Position

As at,
March 31, **December 31,**
2020 **2019**
(Unaudited) **(Audited)**

Assets		
Current		
Cash	\$ 167,933	\$ 218,904
Deposit	\$ 6,522	\$ -
Total Assets	\$ 174,455	\$ 218,904
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 4,022	\$ 19,000
Total Liabilities	\$ 4,022	\$ 19,000
Shareholders' Equity		
Share capital (Note 3)	\$ 557,986	\$ 557,986
Contributed surplus	\$ 118,557	\$ 118,557
Deficit	\$ (506,110)	\$ (476,639)
Total Shareholders' Equity	\$ 170,433	\$ 199,904
Total Liabilities and Shareholders' Equity	\$ 174,455	\$ 218,904

Nature of operations (Note 1)

Share purchase agreement (Note 7)

Approved on behalf of the Board of Directors

"signed"

Director

"signed"

Director

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

Trusted Brand 2016 Inc.
Condensed Interim Statements of Loss and Comprehensive Loss
For the three months ended March 31, 2020 and March 31, 2019

	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)
Expenses		
Professional fees	\$ 22,989	\$ 17,551
Finance costs	\$ 67	\$ 59
General and administrative expenses	\$ -	\$ 9,179
Regulatory and filing fees	\$ 6,415	\$ 5,460
Total expenses	\$ 29,471	\$ 32,249
Loss and comprehensive loss	\$ (29,471)	\$ (32,249)
Basic and diluted loss per share	\$ (0.01)	\$ (0.02)
Weighted average common shares outstanding – basic and diluted (<i>Note 3</i>)	2,143,700	2,143,700

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

Trusted Brand 2016 Inc.
Condensed Interim Statements of Changes in Shareholders' Equity
For the three months ended March 31, 2020
(Unaudited)

	Common Shares (#)	Share Capital (\$)	Contributed Surplus (\$)	Deficit (\$)	Shareholders' Equity (\$)
As at December 31, 2018	3,962,900	557,986	118,557	(353,314)	323,229
Loss and comprehensive loss	-	-	-	(32,249)	(32,249)
As at March 31, 2019	3,962,900	557,986	118,557	(385,583)	290,980
As at December 31, 2019	3,962,900	557,986	118,557	(476,639)	199,904
Loss and comprehensive loss	-	-	-	(29,471)	(29,471)
As at March 31, 2020	3,962,900	557,986	118,557	(506,110)	170,433

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

Trusted Brand 2016 Inc.
Condensed Interim Statements of Cash Flows
For the three months ended March 31, 2020 and March 31, 2019

	March 31, 2020 <i>(Unaudited)</i>	March 31, 2019 <i>(Unaudited)</i>
Cash used in the following activities:		
Operating activities		
Loss and comprehensive loss	\$ (29,471)	\$ (32,249)
Net change in non-cash operating activities:		
Deposit	\$ (6,522)	\$ -
Accounts payable and accrued liabilities	\$ (14,978)	\$ 3,951
Cash used in operating activities	\$ (50,971)	\$ (28,298)
Change in cash resources	\$ (50,971)	\$ (28,298)
Cash resources, beginning of period	\$ 218,904	\$ 344,837
Cash resources, end of period	\$ 167,933	\$ 316,539

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

1. Nature of operations

Trusted Brand 2016 Inc. (the "Corporation") was incorporated under the laws of Alberta on March 4, 2016. The Corporation is classified as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The principal business of the Corporation is 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. The purpose of such an acquisition is to satisfy the related conditions of a Qualifying Transaction under the Exchange policies.

Where an acquisition or participation is warranted, additional funding may be required. The ability of the Corporation to fund its potential future operations and commitments is dependent upon the ability of the Corporation to obtain additional financing.

There is no assurance that the Corporation will identify a business or asset that warrants acquisition or participation within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or de-list the Corporation's shares from trading.

The Corporation issued 1,680,000 common shares ("Seed Shares") for an amount of \$210,000, and on September 12, 2016, the Corporation's prospectus for an Initial Public Offering ("IPO") of the Corporation's common shares was accepted by the regulatory authorities. The IPO closed on November 30, 2016 and a total of 2,282,900 common shares were issued at a price of \$0.25 per common share. The Corporation's shares trade under the symbol HAH.P.

2. Basis of preparation

Statement of compliance

The condensed interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 – Interim Financial Reporting and follow the same accounting policies and methods of computation as the most recent annual financial statements.

Certain information and disclosures normally required to be included in the notes to the financial statements have been condensed or omitted. Accordingly, the condensed interim financial statements should be read in conjunction with the annual financial statements for the year-ended December 31, 2019, which were prepared in accordance with International Financial Reporting Standards ("IFRS").

The condensed interim financial statements of the Corporation were authorized for issue in accordance with a resolution of the Directors on July 28, 2020.

Basis of measurement

These condensed interim financial statements were prepared on a going concern basis, under the historical cost convention, except for financial instruments and share-based compensation.

Use of estimates and judgments

The preparation of condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Functional and presentation currency

These condensed interim financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

Trusted Brand 2016 Inc.
Notes to the Condensed Interim Financial Statements
For the three months ended March 31, 2020 and 2019

3. Share capital

Authorized

Unlimited number of Common Shares and Preferred Shares

Issued common shares	Number of shares	\$
Balance as at December 31, 2019, and March 31, 2020	3,962,900	557,986

Escrow

The Corporation has issued 1,819,200 Common Shares (December 31, 2019 - 1,819,200) subject to an escrow agreement whereby 10% of the shares will be released upon completion and approval by the Exchange of the Corporation's Qualifying Transaction. An additional 15% of the escrowed Common Shares will be released on each six-month anniversary thereafter unless otherwise permitted by the Exchange. Common Shares issued upon the exercise of options held by officers and directors are subject to the same escrow conditions. Common Shares issued upon the exercise of the Agent's options are restricted such that only 50% of the issued shares on exercise of such options may be sold prior to the Corporation completing a Qualifying Transaction. These common shares which are considered contingently issuable until the Corporation completes a Qualifying Transaction are not considered to be outstanding for the purposes of the loss per share calculation.

4. Capital disclosures

The Corporation's capital consists of share capital. The Corporation's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete an acquisition or other transaction as disclosed in Note 1.

The Corporation sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets. The Corporation's objectives when managing capital are:

- i. to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and,
- ii. to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Corporation is not subject to any externally or internally imposed capital requirements at period end.

The novel coronavirus ("COVID-19") outbreak was declared a pandemic by the World Health Organization on March 11, 2020. This has resulted in significant economic uncertainty and governments worldwide are enacting emergency measures to contain the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global financial markets have experienced significant volatility and weakness as a consequence of this economic uncertainty. The duration and impact of the COVID-19 outbreak is unknown as this time, as is the effectiveness of interventions by governments and central banks. The full extent of the impact on the Corporation's future financial results is uncertain given the length and severity of these developments cannot be reliably estimated. The current challenging economic climate relating to the effect of COVID-19 may lead to challenges in managing cash flows and the ability to raise capital. These items may have a direct adverse impact on the Corporation's ability to close its proposed Qualifying Transaction (note 7).

5. Financial instruments

The Corporation, as part of its operations, carries financial instruments consisting of cash and accounts payable and accrued liabilities. It is management's opinion that the Corporation is not exposed to significant credit, interest, or currency risks arising from these financial instruments except as otherwise disclosed.

Fair value

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 Corporation 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.

Trusted Brand 2016 Inc.
Notes to the Condensed Interim Financial Statements

For the three months ended March 31, 2020 and 2019

- 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.

The carrying amount of cash and accounts payable and accrued liabilities approximates their fair value due to the short-term maturities of these items.

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Corporation's credit risk is primarily attributed to cash. Cash balances are held with the Corporation's major Canadian financial institution, from which management believes the risk of loss to be remote.

Liquidity risk

The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2020, the Corporation had a cash balance of \$167,933 (December 31, 2019 - \$218,904) to settle future obligations of \$4,022 (December 31, 2019 - \$19,000). All the Corporation's financial liabilities have contractual maturities of 30 days and are due on demand.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. As at March 31, 2020, the Corporation is not materially exposed to any market risks.

6. Related party transactions

Key management include all officers and directors of the Corporation and did not earn compensation for their services. At period end, included in accounts payable and accrued liabilities is \$nil (December 31, 2019 - \$nil) related to key management compensation.

7. Share purchase agreement

On June 19, 2020, the Corporation entered into a Share Purchase Agreement with 1421526 Alberta Ltd. ("1421526 Ltd."), Lui Holdings Corporation ("Lui Holdings") and 991799 Alberta Ltd. ("991799 Ltd."), all private Alberta corporations, pursuant to which the parties agreed to complete the Proposed Qualifying Transaction on the terms set out therein. Pursuant to the Share Purchase Agreement, upon closing of the Proposed Qualifying Transaction, the Corporation will acquire all of the issued and outstanding Class "A" common voting shares in the capital of 1421526 Ltd. together with all of the shareholder loans on a converted to equity basis (collectively the "Shareholder Interest") for a total purchase price equal to the aggregate of the fair market value of the Shareholder Interest for the following consideration:

- The issuance of 15,800,000 Common Shares with a fair market value of \$0.20 per Common Share for an aggregate purchase price of \$3,160,000;
- The issuance of 21,062,905 Series I Preferred Shares with a fair market value of \$0.20 per Series I Preferred Share for an aggregate purchase price of \$4,212,581. The Series I Preferred Shares are exchangeable on a one-to-one basis into Common Shares of the Corporation, subject to approval of the Exchange based on appropriate share distribution being satisfied; and,
- The assumption of 1421526 Ltd.'s commitment pursuant to its shareholder loans with each of 991799 Ltd. and Lui Holdings in the amount of \$498,635 and \$3,457,207, respectively. The shareholder loans in the aggregate amount of \$3,955,842 will be converted into a total of 1 9,779,209 Series II Preferred Shares with 17,286,033 and 2,493,175 being issued to Lui Holdings and 991799 Ltd., respectively.

Trusted Brand 2016 Inc. **Notes to the Condensed Interim Financial Statements**

For the three months ended March 31, 2020 and 2019

In addition, the Corporation has assumed a bank loan of 1421526 Ltd. in the form of a first mortgage registered on 1421526 Ltd.'s property from Canada Western Bank in the aggregate amount of \$2,571,731 as at April 30, 2020.

There are currently one hundred (100) 1421526 Ltd. Common Shares issued and outstanding. As there are currently a total of 3,962,900 of the Corporation's Common Shares issued and outstanding and 396,290 of the Corporation's Common Shares reserved for issuance pursuant to the exercise of the Corporation's Options, after giving effect to the Share Purchase Agreement, there will be a total of 3,962,900 Resulting Issuer Common Shares and 396,290 Resulting Issuer Options held by former holders of the Corporation's Common Shares and Corporation's Options. Upon Closing of the Proposed Qualifying Transaction, there will be 63,105,013 Resulting Issuer Shares and 4,452,580 Resulting Issuer Options issued and outstanding.

The consideration payable for the 1421526 Shares was determined in arm's length negotiations between the Corporation and 1421526 Ltd. based on certain factors such as: (i) the expertise of the management of 1421526 Ltd.; and (ii) the anticipated future profits of 1421526 Ltd. The Share Purchase Agreement was presented and approved by the shareholders of 1421526 Ltd. on June 19, 2020. 1421526 Ltd. is the legal and beneficial owner of certain property municipally located at 9700 – 105th Avenue NW, Edmonton, Alberta.

At or prior to the closing of the Share Purchase Agreement, there shall be a private placement (the "Private Placement") of up to 2,500,000 units ("Units") of the Corporation, at an offering price of \$0.20 per Unit, for gross proceeds of up to \$500,000. Each Unit shall be comprised of one (1) Common Share and one (1) Common Share Purchase Warrant ("Warrant"). Each Warrant entitles the holder to purchase one (1) additional Common Share at a price of \$0.30 per Common Share for a period of three (3) years following the date of closing (the "Term"). In the event the Corporation's Common Shares close at a price of equal to or greater than \$0.50 per Common Share for a period of greater than twenty (20) consecutive trading days, then the Term of the Warrants shall be automatically accelerated and shortened from three (3) years to thirty (30) calendar days following the date a press release is issued by the Corporation announcing the reduced Term, and the issuance of the press release shall be deemed sufficient notice to all Warrant holders of the shortened Term as a result of the acceleration. The proceeds from the Private Placement will be used for general working capital.