

JUSTIFY CAPITAL CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended October 31, 2020

(Expressed in Canadian Dollars)

Management's comments on unaudited condensed interim financial statements

The accompanying unaudited condensed interim financial statements of Justify Capital Corp. (the "Company") for the three months ended October 31, 2020 have been prepared by management and approved by the Board of Directors of the Company.

These financial statements have not been reviewed by the Company's external auditors.

JUSTIFY CAPITAL CORP.
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
(Expressed in Canadian dollars)

	October 31,	July 31,
	2020	2020
	\$	\$
ASSETS		
Current assets		
Cash	279,390	150,743
Total assets	279,390	150,743
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Notes 4 and 6)	29,625	5,000
Total liabilities	29,625	5,000
Shareholders' equity		
Share capital (Note 5)	248,819	150,750
Equity reserves (Note 5)	47,123	-
Deficit	(46,177)	(5,007)
Total shareholders' equity	249,765	145,743
Total liabilities and shareholders' equity	279,390	150,743

Basis of presentation (Note 2)

On behalf of the Board:

Signed: "Brian Bayley" Director _____
Signed: "Richard Graham" Director

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

JUSTIFY CAPITAL CORP.**CONDENSED INTERIM STATEMENT OF LOSS AND COMPREHENSIVE LOSS (UNAUDITED)**

(Expressed in Canadian dollars)

	Three Months Ended
	October 31, 2020
	\$
EXPENSES	
Share-based compensation (Note 5)	37,761
Administrative and corporate services (Note 6)	1,575
Professional fees	919
Transfer agent, shareholder communications, listing and filing fees	573
Office and sundry	342
Loss and comprehensive loss for the period	41,170
Basic and diluted loss per common share (Note 5)	0.17

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

JUSTIFY CAPITAL CORP.**CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)**

(Expressed in Canadian dollars)

	Share Capital		Equity Reserves	Deficit	Total
	Number of Shares	Amount			
		\$	\$	\$	\$
Balance, July 28, 2020	-	-	-	-	-
Shares issued	2,010,000	150,750	-	-	150,750
Net loss for the period	-	-	-	(5,007)	(5,007)
Balance, July 31, 2020	2,010,000	150,750	-	(5,007)	145,743
Shares issued	1,350,000	202,500	-	-	202,500
Share issuance costs	-	(104,431)	9,362	-	(95,069)
Net loss for the period	-	-	37,761	(41,170)	(3,409)
Balance, October 31, 2020	3,360,000	248,819	47,123	(46,177)	249,765

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

JUSTIFY CAPITAL CORP.**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**

(Expressed in Canadian dollars)

	For the Three Months Ended October 31, 2020
	\$
CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss for the period	(41,170)
Non-cash items:	
Share-based compensation	37,761
Changes in non-cash working capital items:	
Accounts payable and accrued liabilities related to operating activities	(2,549)
Net cash used in operating activities	(5,958)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from shares issued	202,500
Payments for share issuance costs	(67,895)
Net cash provided by financing activities	134,605
Change in cash during the period	128,647
Cash, beginning of period	150,743
Cash, end of period	279,390

Non-cash investing and financing activities:

During the three months ended October 31, 2020, the Company recognized \$27,174 in share issuance costs which are included in accounts payable and accrued liabilities as at October 31, 2020. Additionally, share issuance costs includes warrants with a fair value of \$9,362 issued in connection with the Company's initial public offering.

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

JUSTIFY CAPITAL CORP.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)

FOR THE THREE MONTHS ENDED OCTOBER 31, 2020

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

Justify Capital Corp. (the “Company”) was incorporated on July 28, 2020 under the Business Corporations Act (British Columbia) and is a Capital Pool Company (“CPC”) as defined in the TSX Venture Exchange (“TSX-V”) Policy 2.4 (“Policy 2.4”). As a CPC, the Company’s objective is to identify and acquire either operating assets or a business, subject to regulatory approval, that meet the criteria of a Qualifying Transaction as defined by the TSX-V (“Qualifying Transaction”). Until such time that a Qualifying Transaction is completed, the Company will have no significant revenue and will incur expenses primarily for Qualifying Transaction investigation, TSX-V listing and filing requirements, professional services and office facilities and administration, subject to certain restrictions under Policy 2.4. Additional discussion on these restrictions is included in Note 8.

On October 15, the Company completed an initial public offering of common shares (the “IPO”) and is listed on the TSX-V under the symbol “JST.P”.

The Company’s registered office address is Suite 704, 595 Howe Street, Vancouver, BC, and its principal place of business is Suite 1703, 595 Burrard Street, Vancouver, BC.

These condensed interim financial statements were authorized for issue by the Audit Committee and Board of Directors on December 2, 2020.

COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the COVID-19 coronavirus outbreak a pandemic, which continues to spread globally. As a CPC with no commercial operations, the COVID-19 pandemic has not had a significant impact on the Company’s routine operations or on the carrying value of its assets. However, the pandemic’s effect on broader capital markets may hinder the Company’s ability to identify and complete a Qualifying Transaction.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These unaudited condensed interim financial statements, including comparatives have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and International Accounting Standard (“IAS”) 34 “*Interim Financial Reporting*”.

b) Basis of Measurement

These unaudited condensed interim financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss, 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.

These unaudited condensed interim financial statements are presented in Canadian dollars, which is also the Company’s functional currency.

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FOR THE THREE MONTHS ENDED OCTOBER 31, 2020

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (cont'd...)

c) Continuanance of Operations

As at October 31, 2020, the Company had cash of \$279,390 which the Company's management believes is sufficient to pay \$29,625 in accounts payable and accrued liabilities then outstanding as well additional costs for its operations and to pursue a limited number of potential Qualifying Transactions in the next 12 months.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue its existence.

d) Comparative Period Information

The Company was incorporated on July 28, 2020. Certain comparative information is provided as at July 31, 2020, which is the Company's most recent fiscal year-end, but no comparative information is provided for the three months ended October 31, 2019.

3. SIGNIFICANT ACCOUNTING POLICIES**Financial instruments**

Financial instruments consist of financial assets and financial liabilities and are initially recognized at fair value along with, in the case of a financial asset or liability not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit and loss.

The Company classifies its financial assets and financial liabilities in the following measurement categories:

- i) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- ii) those to be measured at amortized cost.

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income.

Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). Any fair value changes due to credit risk for liabilities designated at fair value through profit and loss are recorded in other comprehensive income.

The Company has implemented the following classifications for financial instruments:

- The Company's sole financial asset is cash. Cash is classified as an asset at fair value and any changes to fair value subsequent to initial recognition are recorded in profit or loss for the period in which they occur.
- Financial liabilities comprise of accounts payable and accrued liabilities. Accounts payable and accrued liabilities are classified as amortized cost and are measured using the effective interest rate method. Interest expense is recorded in profit or loss, as applicable.

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FOR THE THREE MONTHS ENDED OCTOBER 31, 2020

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**Financial instruments (cont'd...)**

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Impairment of financial assets

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The Company's sole financial asset is cash and, accordingly, does not hold any financial assets measured at amortized cost.

Financing costs

Costs incurred to obtain equity financing are deducted from the value assigned to shares issued. When costs are incurred prior to the closing of a financing arrangement, these amounts are presented as a deferred asset until the financing has closed. When an expected financing arrangement does not occur, any deferred costs are recorded as an expense.

Share-based compensation

The Company may grant stock options or warrants to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

Stock options granted to directors, officers and employees are measured at their fair values determined on their grant date, using the Black-Scholes option pricing model, and are recognized as an expense over the vesting periods of the options on a graded basis. Options granted to consultants or other non-insiders are measured at the fair value of goods or services received from these parties, or at their Black-Scholes fair values if the fair value of goods or services received cannot be measured. A corresponding increase is recorded to equity reserves for share-based compensation recorded.

When stock options are exercised, the cash proceeds along with the amount previously recorded as equity reserves are recorded as share capital. When the right to receive options is forfeited before the options have vested, any expense previously recorded is reversed.

Income taxes

Tax provisions are recognized when it is considered probable that there will be a future outflow of funds to a taxing authority. In such cases, a provision is made for the amount that is expected to be settled, where this can be reasonably estimated. This requires the application of judgment as to the ultimate outcome, which can change over time depending on facts and circumstances. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognized in income in the period in which the change occurs.

Deferred tax assets or liabilities, arising from temporary differences between the tax and accounting values of assets and liabilities, are recorded based on tax rates expected to be enacted when these differences are reversed. Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recovered. This involves an assessment of when those deferred tax assets are likely to be realized, and a judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as in the amounts recognized in income in the period in which the change occurs.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)

FOR THE THREE MONTHS ENDED OCTOBER 31, 2020

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3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**Income taxes (cont'd...)**

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in income both in the period of change, which would include any impact on cumulative provisions, and in future periods.

(Loss) earnings per share

Basic (loss) earnings per share is calculated by dividing net (loss) earnings by the weighted average number of common shares outstanding during the period which excludes shares held in escrow. All escrow shares are considered contingently cancellable until the Company completes a Qualifying Transaction and, accordingly, are not considered to be outstanding shares for the purposes of the loss per share calculation.

Diluted (loss) earnings per share is determined by adjusting the earnings or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments, which includes stock options, as if their dilutive effect was at the beginning of the period. The calculation of the diluted number of common shares assumes that proceeds received from the exercise of “in-the-money” stock options and common share purchase warrants are used to purchase common shares of the Company at their average market price for the period.

In periods that the Company reports a net loss, any stock options or warrants outstanding are excluded from the calculation of diluted loss per share as their inclusion would be anti-dilutive.

Use of estimates and measurement uncertainties

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the measurements of assets, liabilities, revenues, expenses and certain disclosures reported in these financial statements. Significant estimates made by management include the following:

i. Income taxes

Provisions for income and other taxes are based on management’s interpretation of taxation laws, which may differ from the interpretation by taxation authorities. Such differences may result in eventual tax payments differing from amounts accrued. Reported amounts for deferred tax assets and liabilities are based on management’s expectation for the timing and amounts of future taxable income or loss, as well as future taxation rates. Changes to these underlying estimates may result in changes to the carrying value, if any, of deferred income tax assets and liabilities.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities of the Company are due for professional fees and are payable within the next 12 months.

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5. SHAREHOLDERS' EQUITY**Authorized share capital**

The Company is authorized to issue an unlimited number of common shares without par value.

Changes to the number of common shares outstanding are as follows:

	Number of Shares	Assigned Value
Outstanding, July 28, 2020	-	\$ -
Seed Shares issued	2,010,000	150,750
Outstanding, July 31, 2020	2,010,000	\$ 150,750
IPO Shares issued, net of share issuance costs	1,350,000	\$ 98,069
Outstanding, October 31, 2020	3,360,000	\$ 248,819

On July 28, 2020, the Company issued 2,010,000 shares at a price of \$0.075 per share for total proceeds of \$150,750 (the "Seed Shares").

As a CPC, the Seed Shares are held in escrow and will be released ratably over an 18 to 36-month period following the completion of a Qualifying Transaction. Should a Qualifying Transaction not be completed within two years, then one-half of the Seed Shares may be subject to cancellation in accordance with policies of the TSX-V.

On October 15, 2020, the Company completed its IPO of 1,350,000 common shares at a price of \$0.15 per share. Share issuance costs for the IPO totaled \$104,431 which included \$95,069 in cash costs for TSX-V fees, legal and accounting fees, and agent's fees, of which \$27,174 remains in accounts payable accrued liabilities as at October 31, 2020. Additionally, the Company issued compensatory warrants with a \$9,362 fair value to the IPO agent.

Equity reserves*Stock options*

The Company has adopted an incentive stock option plan which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX-V requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable options to purchase its common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares, exercisable for a period of up to ten years from the date of grant. The vesting conditions, if any, for stock options granted are determined at the discretion of the Company's Board of Directors.

Changes to the Company's stock options outstanding during the three months ended October 31, 2020 are as follows:

	Number of Stock Options	Expiry Date	Exercise Price \$
Outstanding and exercisable, July 31, 2020	-	-	-
Options granted	300,000	October 15, 2025	0.15
Outstanding and exercisable, October 31, 2020	300,000	October 15, 2025	0.15

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5. SHAREHOLDERS' EQUITY (cont'd...)**Equity reserves (cont'd...)***Stock options (cont'd...)*

On October 15, 2020, the Company granted 300,000 stock options to directors of the Company. These options have an exercise price of \$0.15 per common share and are exercisable until October 15, 2025 without further vesting conditions. The \$37,761 fair value of these stock options was recorded as a share-based compensation expense and was determined using the Black-Scholes option-pricing model using the following assumptions:

Risk-free interest rate	0.34%
Dividend yield	-
Expected stock price volatility	125%
Expected forfeiture rate	-
Expected life	5.0 years

Warrants

The Company may grant warrants that can be exercised to purchase its common shares at terms determined at the discretion of the Company's Board of Directors. These warrants may be included with common shares in future financings or granted as compensation for services provided to the Company.

Changes to the Company's warrants outstanding during the three months ended October 31, 2020 are as follows:

	Number of Warrants	Expiry Date	Exercise Price \$
Outstanding, July 31, 2020	-	-	-
Warrants issued	100,000	October 15, 2022	0.15
Outstanding, October 31, 2020	100,000	October 15, 2022	0.15

On October 15, 2020, the Company issued 100,000 warrants for finder's services in connection with the Company's initial public offering. These warrants have an exercise price of \$0.15 per common share and are exercisable until October 15, 2022 without further vesting conditions. The \$9,362 fair value of these warrants was recorded as a share issuance cost and was determined using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	0.23%
Dividend yield	-
Expected stock price volatility	125%
Expected forfeiture rate	-
Expected life	2.0 years

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(Expressed in Canadian dollars)

5. SHAREHOLDERS' EQUITY (cont'd...)**Per share amounts**

Weighted average loss per share for the three months ended October 31, 2020 is calculated as follows:

	Three Months Ended October 31, 2020
	\$
Numerator	
Net loss for the period	(41,170)
Denominator	
Weighted average number of common shares outstanding, basic and diluted	237,363
Loss per common share, basic and diluted	0.17

In accordance with the Company's accounting policy, weighted average number of shares outstanding excludes shares held in escrow. The Company's shares outstanding during the three months ended October 31, 2020 includes 2,010,000 shares held in escrow and which are contingently cancellable pending the completion of a Qualifying Transaction. As a result, these shares have been excluded from the calculations of basic and diluted loss per share.

6. RELATED PARTY TRANSACTIONS

The Company is party to a corporate services agreement with Earlston Management Corp. ("Earlston"), whereby Earlston provides various administrative, management and corporate services to the Company for a fee of \$500 per month plus tax and out-of-pocket costs. Earlston is related to the Company by virtue of providing key management services and by having certain directors and officers in common. The Company's expense for administrative and corporate services for the three months ended October 31, 2020 includes \$1,575 in such costs incurred with Earlston of which \$525 is included in accounts payable and accrued liabilities as at October 31, 2020.

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at October 31, 2020, the Company's financial instruments comprise cash and accounts payable and accrued liabilities. The fair values of accounts payable and accrued liabilities approximate their carrying values due to their short-term maturity. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

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

Level 3 – Inputs that are not based on observable market data (unobservable inputs).

As at October 31, 2020, the fair value of cash held by the Company was based on level 1 of the fair value hierarchy.

JUSTIFY CAPITAL CORP.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)

FOR THE THREE MONTHS ENDED OCTOBER 31, 2020

(Expressed in Canadian dollars)

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss arising from a customer or third party to a financial instrument failing to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash. The Company limits exposure to credit risk by maintaining its cash with large financial institutions.

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 October 31, 2020, the Company had a cash balance of \$279,390 which the Company's management believes is sufficient to pay for \$29,625 in liabilities then outstanding, maintain operations for the next 12 months and to pursue a limited number of potential Qualifying Transactions. However, additional funding may be required to meet long-term requirements following a Qualifying Transaction or should no such transaction be completed. The Company's financial liabilities include trade payables that have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

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 equity prices. As the Company does not currently hold and does not expect to hold interest-bearing financial instruments other than cash, assets or liabilities denominated in a foreign currency, and marketable securities or other financial instruments subject to fluctuations in equity prices, it currently does not have and is not expected to have exposure to these market risks.

8. CAPITAL MANAGEMENT

Capital is composed of the Company's shareholders' equity and any debt that it may issue. As at October 31, 2020, the Company's shareholders' equity was \$249,765 and it had current liabilities of \$29,625. The Company's objectives when managing capital are to maintain financial viability and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

The Company's current capital was received from the issuance of common shares. The net proceeds raised as of October 31, 2020 will only be sufficient to identify and evaluate a limited number of assets and businesses for the purpose of completing a Qualifying Transaction.

The Company is not subject to any externally imposed capital requirements other than the expenditure restrictions applicable under Policy 2.4, which will apply following the completion of the IPO. These expenditure restrictions limit the aggregate amount that the Company is permitted to spend on certain share issuance costs, professional fees, transfer agent fees, listing and filing fees and other general and administrative costs to the lesser of \$210,000 or 30% of the gross proceeds from share issuances.