GINGER BEEF CORPORATION
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE SIX MONTHS ENDED JUNE 30, 2021

GINGER BEEF CORPORATION
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(UNAUDITED)

Under National Instrument 51-102, Part 4, subsection 4.3(3)9a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Ginger Beef Corporation ("the Corporation") have been compiled by management and approved by the Audit Committee and the Board of Directors of the Corporation.

The Corporation's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by an entity's auditors.

August 26, 2021

GINGER BEEF CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF NET INCOME AND COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30
(UNAUDITED)

	Three Months Ended		Six Months Ended	
	2021	2020	**2021**	2020
	$	$	**$**	$
Wholesale Revenue	**2,430,835**	1,132,986	**4,267,162**	3,277,170
Royalties and Franchise Fees	**68,789**	54,328	**141,169**	113,169
	2,499,624	1,187,314	**4,408,331**	3,390,339
Cost of Sales				
Purchases	**2,004,523**	892,222	**3,521,154**	2,482,699
Depreciation of tangibles (Note 7)	**38,028**	42,029	**79,131**	90,862
	2,042,551	934,251	**3,600,285**	2,573,561
Gross Margins	**457,073**	253,063	**808,046**	816,778
Expenses				
Advertising and promotions	**12,804**	12,060	**24,689**	24,571
Depreciation of tangibles (Note 7)	**17,985**	18,209	**36,289**	36,561
General and administrative	**231,753**	214,020	**450,879**	432,952
Interest and bank charges	**929**	684	**2,040**	1,281
Interest on lease liabilities (Note 9)	**12,771**	15,733	**26,179**	32,166
	276,242	260,706	**540,076**	527,531
INCOME FROM OPERATIONS	**180,831**	(7,643)	**267,970**	289,247
Other Income				
Finance income (Note 8)	**12,709**	15,307	**25,962**	31,226
Wage subsidy and rent subsidy (Note 10 (b) (c))	**31,344**		**51,257**	-
Commission rebate	**-**		**10,314**	-
Gains(losses) on disposal of assets	**6,875**		**18,126**	-
	50,928	15,307	**105,659**	31,226
Income Before Income Taxes	**231,759**	7,664	**373,629**	320,473
Income Taxes				
Current income taxes			**-**	-
Deferred income taxes	**49,855**	2,030	**82,485**	84,925
	49,855	2,030	**82,485**	84,925
NET INCOME AND COMPREHENSIVE INCOME	**181,904**	5,634	**291,144**	235,548
Basic and Fully Diluted Income Per Share (Note 14)	**0.01**	0.00	**0.02**	0.02
Weighted average number of shares outstanding (Note 14)	**13,361,997**	13,361,997	**13,361,997**	13,361,997

GINGER BEEF CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT
(UNAUDITED)

	June 30, 2021	December 31, 2020
	$	$
ASSETS		
Current Assets		
Cash and cash equivalents	**872,796**	1,063,929
Accounts receivable (Note 3)	**1,169,765**	1,215,300
Due from related parties (Note 6)	**5,154**	17,774
Inventory (Note 4)	**436,218**	294,033
Goods and services tax recoverable	**19,662**	25,980
Income tax receivable	**97,709**	-
Current portion of sublease receivable (Note 8)	**140,881**	144,140
Prepaid and deposits	**116,443**	8,143
	2,858,628	2,769,299
Non-Current Assets		
Property, plant and equipment (Note 7)	**1,322,648**	1,480,016
Sublease receivable (Note 8)	**484,496**	551,808
Due from related parties (Note 6)	**500,000**	400,000
	2,307,144	2,431,824
TOTAL ASSETS	**5,165,772**	5,201,123
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities (Note 5)	**483,307**	540,910
Wages payable	**1,447**	1,447
Income tax payable	**-**	265,378
Current portion of lease liabilities (Note 9)	**140,881**	159,567
	625,635	967,302
Non-Current Liabilities		
Deferred income	**50,001**	50,001
Bank loan (Note 10 (a))	**40,000**	40,000
Deferred income taxes	**135,185**	52,700
Lease liabilities (Note 9)	**484,496**	551,808
TOTAL LIABILITIES	**1,335,317**	1,661,811
EQUITY		
Share capital (Note 12)	**1,422,205**	1,422,205
Contributed surplus	**108,099**	108,099
Retained earnings	**2,300,151**	2,009,008
	3,830,455	3,539,312
TOTAL LIABILITIES AND EQUITY	**5,165,772**	5,201,123

Approved on Behalf of the Board

("signed") Gilbert Leung

("signed") James Leung

GINGER BEEF CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30
(UNAUDITED)

	Share Capital	Contributed Surplus	Retained Earnings	Total Equity
	$	$	$	$
As at January 1, 2021	**1,422,205**	**108,099**	**2,009,007**	**3,539,311**
Net income for the period	**-**	**-**	**291,144**	**291,144**
As at June 30, 2021	**1,422,205**	**108,099**	**2,300,151**	**3,830,455**
As at January 1, 2020	1,422,205	108,099	1,180,897	2,711,201
Net income for the period	-	-	235,548	235,548
As at June 30, 2020	1,422,205	108,099	1,416,445	2,946,749

GINGER BEEF CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30
(UNAUDITED)

	2021	2020
	$	$
Cash flows from operating activities		
Net income for the year	**291,144**	235,548
Items not requiring an outlay of cash:		
Depreciation of property, plant and equipment	**115,420**	127,423
Gains on disposal of assets	**(18,126)**	-
Deferred income tax	**82,485**	84,925
	470,923	447,896
Change in non-cash working capital		
Accounts receivable	**45,535**	62,637
Due from related parties	**12,620**	64,974
Goods and services tax recoverable	**6,318**	11,242
Income taxes recoverable	**(97,709)**	-
Inventory	**(142,185)**	(214,214)
Security and tender deposits	**(108,300)**	-
Accounts payable and accrued liabilities	**(57,603)**	68,557
Wage payable	**-**	(111,000)
Income taxes payable	**(265,378)**	(28,280)
	(606,702)	(146,084)
Net cash flows from operating activities	**(135,779)**	301,812
Cash flows from financing activities		
Repayment of lease liabilities	**(15,427)**	(124,412)
Bank loan (Note 11)	**-**	40,000
Net cash flows used in financing activities	**(15,427)**	(84,412)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(6,595)**	(19,962)
Disposal of property, plant and equipment	**66,668**	-
Governmnet grant	**-**	48,783
Advance to related parties (Note 5)	**(100,000)**	-
Net cash flows provided by (used in) investing activities	**(39,927)**	28,821
Net increase(decrease) in cash and cash equivalents	**(191,133)**	246,221
Net cash and cash equivalents, beginning of period	**1,063,929**	686,289
Net cash and cash equivalents, end of period	**872,796**	932,510

1. NATURE OF OPERATIONS

Ginger Beef Corporation ("the Corporation" or "Ginger Beef") was incorporated under the Business Corporation Act (Alberta) on April 26, 2000 and is listed on TSX Venture Exchange ("TSXV") under the symbol "GB".

The Corporation's operations include Ginger Beef Express Ltd. ("Express") and its wholly-owned subsidiary Ginger Beef Choice Ltd. ("Choice"). Express is a franchisor of Chinese food restaurants located primarily in Calgary, Alberta and is the holding company for Choice. Express has developed takeout and delivery units, full-service restaurants as well as food court concepts. Choice is a federally inspected manufacturer of fresh and frozen Chinese food items for wholesalers in Canada. Choice was incorporated under the Business Corporation Act (Alberta) on July 22, 1998.

The Corporation's registered and head office is located at 5521 – 3rd Street S.E, Calgary T2H 1K1.

The Board of Directors approved the financial statements on August 26, 2021.

2. BASIS OF PREPARATION

(a) Statement of compliance

The condensed consolidated interim financial statements of the Corporation have been prepared in accordance with IAS 34 *Interim Financial Reporting* using the accounting policies described in note 3 to the Corporation's annual consolidated financial statements for year ended December 31, 2020.

(b) Basis of measurement

These condensed consolidated interim financial statements include the accounts of Ginger Beef Corporation and its subsidiaries. The notes presented do not include all of the information required for full annual financial statements. Accordingly, these condensed consolidated financial statements should be read in conjunction with the Corporation's consolidated financial statements for the year ended December 31, 2020. The results of operations for any interim period are not necessarily indicative of the results of operations for any other interim period or for a full fiscal year.

These condensed consolidated interim financial statements follow the same accounting policies and methods of application as the annual audited consolidated financial statements for the year ended December 31, 2020.

3. TRADE AND OTHER RECEIVABLES

The Corporation's accounts receivable comprised the following:

	June 30, 2021 $	December 31, 2020 $
Current	**998,055**	937,131
Less than 60 days	**161,092**	274,309
Greater than 60 days	**10,617**	3,860
Total trade accounts receivable	**1,169,765**	1,215,300
Total accounts receivable	**1,169,765**	1,215,300

4. INVENTORY

Inventory consists of six main classifications:

	June 30,2021 $	December 31,2020 $
Food	**350,337**	171,218
Packaging material	**68,909**	75,339
Cleaning chemicals	**16,972**	47,476
	436,218	294,033

5. TRADE AND OTHER PAYABLES

The Corporation’s accounts payable and accrued liabilities comprised the following:

	June 30, 2021 $	December 31, 2020 $
Trade accounts payable	**(440,282)**	(453,505)
Accrued liabilities	**(43,025)**	(87,405)
	(483,307)	(540,910)

6. RELATED PARTY TRANSACTIONS

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Corporation and other related parties are disclosed below:

Trading transactions

The following summarize the Corporation’s related party transactions with the franchises owned and/or operated under common management. The following are the transactions for the period ended June 30:

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	**2021**	2020
	$	$	**$**	$
Royalties	**14,746**	5,074	**27,116**	18,996
Product sale	**7,634**	10,343	**15,272**	22,240
Demand loan(a)	**-**	-	**100,000**	-

The royalties have been included in the royalties and franchise fees and the product sales have been included in wholesale revenue on the statements of net income and comprehensive income.

Due from/to related parties

The following summarized the Corporation's outstanding balances with the franchises under common management as at June 30:

	June 30,2021	December 31,2020
	$	$
Companies controlled by an officer and director of the Corporation (a)	**500,898**	408,340
Franchise amounts receivable	**4,256**	9,434
	505,154	417,774

The amounts outstanding are unsecured and will be settled in cash.

(a) The Corporation signed a loan agreement with a related company under common control providing the company a demand loan up to $500,000 in total ("Demand Loan") to open a new franchise to take advantage of lease opportunities that became available due to COVID-19. As at June 30, 2021, $500,000 of the loan has been provided. The loan bears no interest and is due on demand.

Compensation of key management personnel

Key management personnel compensation paid during three months ended June 30, 2021 comprised salaries of $43,050 (2020 -148,050 $) and benefits of $2,689 (2020 - $2,606). Key management personnel compensation paid during the six months ended June 30, 2020 comprised salaries of $86,100(2020-$191,100) and benefits of $5,378 (2020 - $5,212).

7. PROPERTY, PLANT AND EQUIPMENT

	Land	Building	Machinery Equipment Furniture & fixtures	Right-of-use Assets	Motor Vehicle	Leasehold Improvements	Total
Cost ($)							
Balance as at							
January 1, 2020	140,000	1,632,624	2,842,944	294,796	29,851	32,119	4,972,334
Transfer of right-of-use assets	-	-	191,735	(191,735)	-	-	-
Additions	-	-	105,860	-	-	-	105,860
Balance as at							
December 31, 2020	140,000	1,632,624	3,140,539	103,061	29,851	32,119	5,078,194
Disposals	**-**	**-**	**-**	**(85,929)**	**-**	**-**	**-**
Additions	**-**	**-**	**6,595**		**(27,441)**	**-**	**(20,846)**
Balance as at							
June 30, 2021	**140,000**	**1,632,624**	**3,147,134**	**17,132**	**2,410**	**32,119**	**5,057,348**
Accumulated depreciation ($)							
Balance as at							
January 1, 2020	-	1,103,254	2,109,802	81,530	5,042	32,119	3,331,747
Transfer of right-of-use assets	-	-	35,020	(35,020)	-	-	-
Depreciation of right-of-use assets	-	-	-	16,509	-	-	16,509
Depreciation of other assets	-	65,305	178,117	-	6,500	-	249,922
Balance as at							
December 31, 2020	-	1,168,559	2,322,939	63,019	11,542	32,119	3,598,178
Disposals	-	-	-	**(53,511)**	**(11,316)**	-	-
Depreciation of right-of-use assets	**-**	**-**	**-**	**6,104**	**-**	**-**	**6,104**
Depreciation of other assets	**-**	**32,652**	**74,487**	**-**	**2,177**	**-**	**109,316**
Balance as at							
June 30, 2021	**-**	**1,201,211**	**2,397,426**	**15,612**	**2,403**	**32,119**	**3,713,598**
Net Carrying Value ($)							
At December 31, 2020	140,000	464,065	817,600	40,042	18,309	-	1,480,016
At June 30, 2021	**140,000**	**431,413**	**749,708**	**1,520**	**7**	**-**	**1,322,648**

8. SUBLEASE RECEIVABLE

The Corporation's subleases receivable from certain of its franchisees are as follows:

	2021	2020
	$	**$**
Sublease receivable, beginning of year	**695,948**	823,250
Lease payments by franchisees	**(96,533)**	(187,586)
Finance income	**25,962**	60,284
Sublease receivable, end of period	**625,377**	695,948
Less: current portion	**(140,881)**	(144,140)
Sublease receivable - long term portion	**484,496**	551,808

Future lease payments by Franchisees are as follows:

	Total	Lease #1	Lease #2	Lease #3	Lease #4	Lease #5
	$	$	$	$	$	$
2021	**97,103**	20,938	9,400	17,425	13,200	36,140
2022	**173,704**	40,174	-	34,850	26,400	72,280
2023	**118,130**	-	-	34,850	11,000	72,280
2024	**112,227**	-	-	34,850	-	77,377
2025 and after	**278,318**	-	-	193,991	-	84,327
	779,481	61,112	9,400	315,966	50,600	342,403
Less: future finance income	**(154,104)**	(3,584)	(205)	(90,826)	(3,713)	(55,776)
	625,377	57,528	9,195	225,140	46,887	286,627

9. LEASE LIABILITIES

The Corporation's lease liabilities are as follows:

	Total	Equipment lease #1	Franchisee headleases
	$	$	$
Balance as at January 1, 2020	868,442	45,192	823,250
Repayments	(218,874)	(31,288)	(187,586)
Interest	61,807	1,523	60,284
Balance as at December 31, 2020	711,375	15,427	695,948
Repayments	**(112,177)**	**(15,644)**	**(96,533)**
Interest	**26,179**	**217**	**25,962**
Balance as at June 30, 2021	**625,377**	**-**	**625,377**
Less: current portion	**(140,881)**	**-**	**(140,881)**
Lease liabilities - long term portion	**484,496**	**-**	**484,496**

Future lease payments are as follows:

	Total	Equipment leases	Franchisee headleases
	$	$	$
2021	**97,103**	-	97,103
2022	**173,704**	-	173,704
2023	**118,130**	-	118,130
2024	**112,227**	-	112,227
2025 and after	**278,318**	-	278,318
	779,481	-	779,481
Less: Interest expense	**(154,104)**	-	(154,104)
	625,377	-	625,377

10. COVID-19 FINANCIAL SUPPORTS

The Corporation has received various supporting programs during Covid-19 from federal and provincial governments， which include:

(a) Canada Emergency Bank Account (CEBA)

The Canada Emergency Business Account (CEBA) is a loan of up to $60,000 (up to $20, 000 is forgivable). This program is legislated by the Federal Government, administered by Export Development Canada (EDC) and delivered through financial institutions with the intent of helping businesses pay their non-deferrable expenses during the Covid-19 pandemic period. The CEBA has two streams of eligibility: the Payroll stream and the Non-Deferrable Expense stream. The Corporation has applied and received the full amount of $60,000, and recognized the forgivable portion of $20,000 under other income as at December 31, 2020. The loan is interest free until December 31, 2022.

(b) Canada Emergency Wage Subsidy (CEWS)

The Canada Emergency Wage Subsidy (CEWS) is a wage subsidy program offered until June 2021 to qualifying employers who have seen a drop in revenue due to Covid-19. CEWS is meant to prevent more job losses by helping employers keep employees on payroll, enabling them to re hire workers, and facilitating a return to normal operations. The Corporation has applied and received the CEWS in amount of $49,291 as at June 30, 2021, and recorded under other income.

(c) Canada Emergency Rent Subsidy (CERS)

The Canada Emergency Rent Subsidy (CERS) is a rent subsidy program offered until June 2021 to qualifying employers who have seen a drop in revenue due to Covid-19. CERS provides easy-to-access rent and mortgage support direct to eligible renters and property owners. The Corporation has applied and received the CERS in amount of $1,966 as at June 30, 2021, and recorded under other income.

11. BANK FACILITY

The Corporation has a demand operating revolving line of credit to a maximum of $300,000 with the Royal Bank of Canada with interest at Royal Bank Prime plus 1.75% secured by a general security agreement. The balance on this facility as at June 30, 2021 was $nil (June 30, 2020 - $nil).

12. SHARE CAPITAL

Authorized: Unlimited number of common shares

Issued:

	Number of Shares	Amount $
Balance, January 1, 2020	13,361,997	1,422,205
Redemption of shares	-	-
Balance, December 31, 2020	13,361,997	1,422,205
Redemption of shares	**-**	**-**
Balance, June 30, 2021	**13,361,997**	**1,422,205**

13. STOCK BASED COMPENSATION PLAN

Pursuant to the Corporation's stock-based compensation plan, the Board of Directors may allocate non-transferable options to purchase common shares of the Corporation to directors, officers, management consultants and employees of the Corporation and its subsidiaries.

Under the stock-based compensation plan, the aggregate number of shares to be delivered upon exercise of options granted thereunder may not exceed 10% of the issued common shares of the Corporation at the time of granting the options. The aggregate number of shares to be delivered upon exercise of the options granted thereunder to any individual shall not exceed 5% of the issued common shares of the Corporation. The options under the stock-based compensation plan are non-assignable, except in the event of death and are exercisable for a term of four years. Options granted under the stock-based compensation plan terminate within 90 days in the event that the optionee ceased to be an employee, director or officer of the Corporation or within one year after the death of such optionee. The Board of Directors may, at its discretion, determine the timing during which options shall vest and the method of vesting, or that no vesting restriction shall exist.

At June 30, 2021, the Corporation had no outstanding stock options issued to directors, officers, management consultants and employees pursuant to the Corporation's stock-based compensation plan.

14. NET INCOME PER SHARE

Basic net income per share is calculated by dividing net income by the weighted average number of common shares outstanding during the period of 13,361,997 (2020 – 13,361,997). For the period ended June 30, 2021, the potential effect of the issuance under the stock option plan was not dilutive. There were no in-the-money options outstanding at either date. No other dilutive securities are outstanding.

15. COVID-19

The impact of COVID-19 in Canada and on the global economy continued. Certain risks which may affect the Corporation include:

- Supply chain disruptions

- Dealing with the suspension or termination of contracts
- The introduction of government incentives and aid.

In addition, if the impacts of COVID-19 continue there could be further impact on the entity and its major customers, suppliers and other third-part business associates that could impact the timing and amounts realized on the Company's assets and future probability. At this time, the impact of COVID-19 on the entity has been decreased franchise fee income and more cleaning costs. The full impact of COVID-19 continues to be assessed by the entity.