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

GINGER BEEF CORPORATION
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 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.

November 25, 2021

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

	Three Months Ended		Nine Months Ended	
	2021	2020	**2021**	2020
	$	$	**$**	$
Wholesale Revenue	**2,487,780**	2,312,626	**6,754,942**	5,589,796
Royalties and Franchise Fees	**61,967**	52,971	**203,136**	166,140
	2,549,747	2,365,597	**6,958,078**	5,755,936
Cost of Sales				
Purchases	**2,218,215**	1,987,230	**5,739,369**	4,469,929
Depreciation of tangibles (Note 7)	**36,158**	49,805	**115,289**	140,667
	2,254,373	2,037,035	**5,854,658**	4,610,596
Gross Margins	**295,374**	328,562	**1,103,420**	1,145,340
Expenses				
Advertising and promotions	**20,726**	14,682	**45,415**	39,253
Depreciation of tangibles (Note 7)	**18,702**	18,077	**54,991**	54,638
General and administrative	**247,406**	183,510	**698,285**	616,462
Interest and bank charges	**1,986**	863	**4,026**	2,144
Interest on lease liabilities (Note 9)	**12,285**	15,187	**38,464**	47,353
	301,105	232,319	**841,181**	759,850
INCOME FROM OPERATIONS	**(5,731)**	96,243	**262,239**	385,490
Other Income				
Finance income (Note 8)	**12,138**	14,850	**38,100**	46,076
Wage subsidy and rent subsidy (Note 10 (b) (c) (d))	**3,876**	268,627	**55,133**	268,627
Commission rebate	**-**	-	**10,314**	-
Gains(losses) on disposal of assets	**-**	-	**18,126**	-
	16,014	283,477	**121,673**	314,703
Income Before Income Taxes	**10,283**	379,720	**383,912**	700,193
Income Taxes				
Current income taxes			**-**	-
Deferred income taxes	**6,815**	93,544	**89,300**	178,469
	6,815	93,544	**89,300**	178,469
NET INCOME AND COMPREHENSIVE INCOME	**3,468**	286,176	**294,612**	521,724
Basic and Fully Diluted Income Per Share (Note 15)	**0.00**	0.02	**0.02**	0.04
Weighted average number of shares outstanding (Note 15)	**13,361,997**	13,361,997	**13,361,997**	13,361,997

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

	September 30, 2021	December 31, 2020
	$	$
ASSETS		
Current Assets		
Cash and cash equivalents	**895,046**	1,063,929
Accounts receivable (Note 3)	**1,138,335**	1,215,300
Due from related parties (Note 6)	**11,026**	17,774
Inventory (Note 4)	**483,068**	294,033
Goods and services tax recoverable	**23,534**	25,980
Income tax receivable	**175,466**	-
Current portion of sublease receivable (Note 8)	**138,826**	144,140
Prepaid and deposits	**28,224**	8,143
	2,893,525	2,769,299
Non-Current Assets		
Property, plant and equipment (Note 7)	**2,129,041**	1,480,016
Sublease receivable (Note 8)	**450,008**	551,808
Due from related parties (Note 6)	**500,000**	400,000
	3,079,049	2,431,824
TOTAL ASSETS	**5,972,574**	5,201,123
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities (Note 5)	**674,316**	540,910
Wages payable	**1,447**	1,447
Income tax payable	**-**	265,378
Current portion of lease liabilities (Note 9)	**142,871**	159,567
Current portion of mortgage payable (Note 11)	**15,686**	-
	834,320	967,302
Non-Current Liabilities		
Deferred income	**50,001**	50,001
Deferred income taxes	**142,000**	52,700
Lease liabilities (Note 9)	**489,891**	551,808
Bank loan (Note 10 (a))	**40,000**	40,000
Mortgage payable (Note 11)	**582,439**	-
TOTAL LIABILITIES	**2,138,651**	1,661,811
EQUITY		
Share capital (Note 13)	**1,422,205**	1,422,205
Contributed surplus	**108,099**	108,099
Retained earnings	**2,303,619**	2,009,008
	3,833,923	3,539,312
TOTAL LIABILITIES AND EQUITY	**5,972,574**	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 NINE MONTHS ENDED SEPTEMBER 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	**-**	**-**	**294,612**	**294,612**
As at September 30, 2021	**1,422,205**	**108,099**	**2,303,619**	**3,833,923**
As at January 1, 2020	1,422,205	108,099	1,180,897	2,711,201
Net income for the period	-	-	521,724	521,724
As at September 30, 2020	1,422,205	108,099	1,702,621	3,232,925

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

	2021	2020
	$	$
Cash flows from operating activities		
Net income for the year	**294,612**	521,724
Items not requiring an outlay of cash:		
Depreciation of property, plant and equipment	**170,280**	195,305
Gains on disposal of assets	**(18,126)**	-
Deferred income tax	**89,300**	178,469
	536,066	895,498
Change in non-cash working capital		
Accounts receivable	**76,965**	(186,943)
Due from related parties	**6,748**	(136,585)
Goods and services tax recoverable	**2,446**	10,742
Income taxes recoverable	**(175,466)**	-
Inventory	**(189,035)**	(164,733)
Security and tender deposits	**(20,081)**	-
Accounts payable and accrued liabilities	**133,406**	183,216
Wage payable	**-**	(114,299)
Income taxes payable	**(265,378)**	(29,342)
	(430,395)	(437,944)
Net cash flows from operating activities	**105,671**	457,554
Cash flows from financing activities		
Repayment of lease liabilities	**28,501**	(131,897)
Bank loan (Note 10 (a))	**-**	40,000
Mortgage payable (Note 11)	**598,125**	-
Net cash flows used in financing activities	**626,626**	(91,897)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(867,848)**	(134,462)
Disposal of property, plant and equipment	**66,668**	-
Government grant	**-**	48,782
Advance to related parties (Note 5)	**(100,000)**	-
Net cash flows provided by (used in) investing activities	**(901,180)**	(85,680)
Net increase(decrease) in cash and cash equivalents	**(168,883)**	279,977
Net cash and cash equivalents, beginning of period	**1,063,929**	686,289
Net cash and cash equivalents, end of period	**895,046**	966,266

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 November 25, 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:

	September 30, 2021 $	December 31, 2020 $
Current	**893,881**	937,131
Less than 60 days	**234,133**	274,309
Greater than 60 days	**10,321**	3,860
Total trade accounts receivable	**1,138,335**	1,215,300
Total accounts receivable	**1,138,335**	1,215,300

4. INVENTORY

Inventory consists of nine main classifications:

	September 30,2021 $	December 31,2020 $
Food	**412,046**	171,218
Packaging material	**54,383**	75,339
Cleaning chemicals	**16,639**	47,476
	483,068	294,033

5. TRADE AND OTHER PAYABLES

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

	September 30, 2021 $	December 31, 2020 $
Trade accounts payable	**(633,570)**	(453,505)
Accrued liabilities	**(40,746)**	(87,405)
	(674,316)	(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 September 30:

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	**2021**	2020
	$	$	**$**	$
Royalties	**17,984**	5,738	**45,100**	24,734
Product sale	**8,835**	10,957	**24,107**	33,197

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 September 30:

	September 30,2021	December 31,2020
	$	$
Companies controlled by an officer and director of the Corporation (a)	**505,054**	408,340
Franchise amounts receivable	**5,972**	9,434
	511,026	417,774
Current	**11,026**	17,774
Non-current	**500,000**	400,000
	511,026	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 September 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 September 30, 2021 comprised salaries of $43,050 (2020 -43,050 $) and benefits of $2,200 (2020 - $1,695). Key management personnel compensation paid during the nine months ended September 30, 2020 comprised salaries of $129,150(2020-$234,150) and benefits of $7,578 (2020 - $6,907).

7. PROPERTY, PLANT AND EQUIPMENT

	Land	Building	Machinery Equipment Furniture & fixtures	Right-of-use Assets	Motor Vehicle	Leasehold Improvements	Total
Cost ($)							
Balance as at							
January 1, 2020	140,000	1,632,624	2,842,944	294,796	29,851	32,119	4,972,334
Transfer of right-of-use assets	-	-	191,735	(191,735)	-	-	-
Additions	-	-	105,860	-	-	-	105,860
Balance as at							
December 31, 2020	140,000	1,632,624	3,140,539	103,061	29,851	32,119	5,078,194
Transfer of right-of-use assets			**83,299**	**(83,299)**			
Disposals	**-**	**-**	**(85,929)**	**-**	**(27,441)**	**-**	**(113,370)**
Additions	**-**	**797,500**	**6,595**	**63,753**	**-**	**-**	**867,848**
Balance as at							
September 30, 2021	**140,000**	**2,430,124**	**3,144,504**	**83,515**	**2,410**	**32,119**	**5,832,672**
Accumulated depreciation ($)							
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)**	**-**	**(64,827)**
Depreciation of right-of-use assets	**-**	**-**	**51,231**	**(51,231)**	**-**	**-**	**-**
Depreciation of other assets	**-**	**48,979**	**116,410**	**2,713**	**2,178**	**-**	**170,280**
Balance as at							
September 30, 2021	**-**	**1,217,538**	**2,437,069**	**14,501**	**2,404**	**32,119**	**3,703,631**
Net Carrying Value ($)							
At December 31, 2020	140,000	464,065	817,600	40,042	18,309	-	1,480,016
At September 30, 2021	**140,000**	**1,212,586**	**707,435**	**69,014**	**6**	**-**	**2,129,041**

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	**(145,214)**	(187,586)
Finance income	**38,100**	60,284
Sublease receivable, end of period	**588,834**	695,948
Less: current portion	**(138,826)**	(144,140)
Sublease receivable - long term portion	**450,008**	551,808

Future lease payments by Franchisees are as follows:

	Total	Lease #1	Lease #2	Lease #3	Lease #4	Lease #5
	$	$	$	$	$	$
2021	**48,422**	10,469	4,570	8,713	6,600	18,070
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
	730,800	50,643	4,570	307,254	44,000	324,333
Less: future finance income	**(141,966)**	(2,486)	(50)	(86,314)	(2,837)	(50,279)
	588,834	48,157	4,520	220,940	41,163	274,054

9. LEASE LIABILITIES

The Corporation's lease liabilities are as follows:

	Total	Vehicle lease	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
Additions	**44,735**	**44,735**	-	-
Repayments	**(161,812)**	**(954)**	**(15,644)**	**(145,214)**
Interest	**38,464**	**147**	**217**	**38,100**
Balance as at September 30, 2021	**632,762**	**43,928**	**-**	**588,834**
Less: current portion	**(142,871)**	**(4,045)**	**-**	**(138,826)**
Lease liabilities - long term portion	**489,891**	**39,883**	**-**	**450,008**

Future lease payments are as follows:

	Total	Vehicle leases	Franchisee headleases
	$	$	$
2021	**49,853**	1,431	48,422
2022	**179,428**	5,724	173,704
2023	**123,854**	5,724	118,130
2024	**117,951**	5,724	112,227
2025 and after	**310,253**	31,935	278,318
	781,338	50,538	730,800
Less: Interest expense	**(148,576)**	(6,610)	(141,966)
	632,762	43,928	588,834

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 September 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 $49,301 as at September 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 September 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 $1,956 as at September 30, 2021, and recorded under other income.

(d) Critical Worker Benefit (CWB)

The Critical Worker Benefit provides a one-time payment of $1,200 to eligible Albertans recognition of their hard work to provide Albertans with the care and critical services they need. The Corporation has applied and received the CWB in amount of 3,876 as at September 30, 2021, and recorded under other income.

11. MORTGAGE PAYABLE

	2021 $
A mortgage with Royal Bank bearing interest at a fixed rate of 3.29% per annum, repayable in monthly blended payments of $2,927.40 The loan matures and is renewable on September 3, 2026 and is secured by a first ranking security interest in all property of one of the Subsidiaries and a floating charge on land owned by the Subsidiary. Carrying value of secured assets is $797,500	**598,125**
Less: portion due within one year	**(15,686)**
	582,439

Principal repayments for the following five years are as follows:

	2021	**8,782**
	2022	**35,129**
	2023	**35,129**
	2024	**35,129**
	2025 and later	**575,755**
Total minimum lease payment		**689,924**
Less: Future financing charges		**(91,799)**
Principal Balance		**598,125**
Current Portion		**(15,686)**
		582,439

12. 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 September 30, 2021 was $nil (September 30, 2020 - $nil).

13. 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,September 30, 2021	**13,361,997**	**1,422,205**

14. 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 September 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.

15. 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 September 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.

16. 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.