INDIGENOUS BLOOM HEMP CORPORATION

Condensed Financial Statements

Nine Months Ended February 28, 2021

(Expressed in Canadian dollars)

(unaudited)

INDIGENOUS BLOOM HEMP CORPORATION
Condensed Statements of Financial Position
(Expressed in Canadian dollars)

	February 28, 2021 $	May 31, 2020 $
	(unaudited)	
Assets		
Current assets		
Cash	138,915	–
GST receivable	2,661	–
Prepaid expenses	–	5,000
Due from Veritas Pharma Inc. (Note 10)	11,755	–
Total current assets	153,331	5,000
Non-current assets		
Property and equipment (Note 3)	435,000	419,074
Right-of-use assets (Note 4)	145,773	183,207
Total non-current assets	580,773	602,281
Total assets	734,104	607,281
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	231,867	190,672
Current portion of loans payable (Note 5)	27,050	11,514
Current portion of lease liabilities (Note 6)	40,959	39,117
Due to related parties (Note 7)	673,122	556,317
Total current liabilities	972,998	797,620
Non-current liabilities		
Loan payable (Note 5)	25,524	37,574
Lease liabilities (Note 6)	113,804	156,535
Total non-current liabilities	139,328	194,109
Total liabilities	1,112,326	991,729
Shareholder’s deficit		
Share capital (Note 8)	347,501	1
Deficit	(725,723)	(384,449)
Total shareholders’ deficit	(378,222)	(384,448)
Total liabilities and shareholder’s deficit	734,104	607,281

Nature of operations and continuance of business (Note 1)
Commitment (Note 9)

Approved and authorized for issuance on behalf of the Board of Directors on June 7, 2021:

/s/ “Allen Szmyrko”

Allen Szmyrko, Director

/s/ “Joshua Matvieshen”

Joshua Matvieshen, Director

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

INDIGENOUS BLOOM HEMP CORPORATION

Condensed Statements of Operations and Comprehensive Loss
(Expressed in Canadian dollars)
(unaudited)

	Three months ended February 28, 2021 $	Three months ended February 29, 2020 $	Nine months ended February 28, 2021 $	Period from July 31, 2019 (date of incorporation) to February 29, 2020 $
Expenses				
Depreciation (Notes 3 and 4)	27,461	19,628	86,050	58,658
Interest	2,859	2,934	9,675	9,644
Licenses	–	23,730	1,090	23,730
Production costs	13,927	5,599	188,008	173,565
Professional fees	36,313	–	55,446	–
Repairs and maintenance	–	–	1,005	2,593
Travel	–	–	–	7,806
Total expenses	80,560	51,891	341,274	275,996
Net loss and comprehensive loss for the period	(80,560)	(51,891)	(341,274)	(275,996)
Net loss per share, basic and diluted	(0.00)	(519)	(0.02)	(2,760)
Weighted average shares outstanding	20,000,000	100	18,901,104	100

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

INDIGENOUS BLOOM HEMP CORPORATION
Condensed Statements of Changes in Equity
(Expressed in Canadian dollars)
(unaudited)

	Share capital			Total Shareholder's deficit
	Number of shares	Amount $	Deficit $	$
Balance, May 31, 2020	100	1	(384,449)	(384,448)
Shares returned and cancelled	(100)	–	–	–
Shares issued	20,000,000	347,500	–	347,500
Net loss for the period	–	–	(341,274)	(341,274)
Balance, February 28, 2021	20,000,000	347,501	(725,723)	(378,222)
Balance, July 31, 2019 (date of incorporation	100	1	–	1
Net loss for the period	–	–	(275,996)	(275,996)
Balance, February 29, 2020	100	1	(275,996)	(275,995)

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

INDIGENOUS BLOOM HEMP CORPORATION
Condensed Statements of Cash Flows
(Expressed in Canadian dollars)
(unaudited)

	Nine months ended February 28, 2021 $	Period from July 31, 2019 (date of incorporation) to February 29, 2020 $
Operating activities		
Net loss for the period	(341,274)	(275,996)
Items not involving cash:		
Depreciation	86,050	58,658
Interest expense	9,675	9,644
Changes in non-cash working capital:		
GST receivable	(2,661)	–
Prepaid expenses	5,000	–
Due from Veritas Pharma Inc.	(11,755)	–
Accounts payable and accrued liabilities	18,921	154,145
Due to related parties	(35,730)	53,549
Net cash used in operating activities	(271,774)	–
Financing Activities		
Proceeds from loans payable	15,000	–
Proceeds from related parties	92,610	–
Repayments to related parties	(44,421)	–
Proceeds from issuance of common shares	347,500	–
Net cash provided by financing activities	410,689	–
Change in cash	138,915	–
Cash, beginning of period	–	–
Cash, end of period	138,915	–
Non-cash investing and financing activities:		
Property and equipment purchases paid by related parties	64,542	406,455
Property and equipment financed by loan payable	–	55,612
Lease payments paid by related parties	35,730	48,945

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

1. Nature of Operations and Continuance of Business

Indigenous Bloom Hemp Corporation (the "Company") was incorporated on July 31, 2019 under the Canada Business Corporations Act. Its current focus is the production of hemp for commercial use. The Company's head office is located at Suite 4000, 199 Bay Street, Toronto, ON.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The impact on the Company has not been significant, but management continues to monitor the situation.

These condensed financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at February 28, 2021, the Company has not generated any revenues from operations, has a working capital deficit of $819,667, and has an accumulated deficit of $725,723. The continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders, the ability to raise equity or debt financing, and the attainment of profitable operations from the Company's future business. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. These condensed 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.

2. Significant Accounting Policies

(a) Basis of Preparation

These condensed financial statements have been prepared in accordance with International Financial Reporting Standards applicable to interim financial information, as outlined in International Accounting Standard ("IAS") 34, "Interim Financial Reporting" and using the accounting policies consistent with those in the audited financial statements as at and for the period ended May 31, 2020.

These condensed financial statements do not include all disclosures normally provided in annual financial statements and should be read in conjunction with the annual financial statements as at and for the period ended May 31, 2020. Interim results are not necessarily indicative of the results expected for the fiscal year.

(b) Accounting Standards Issued But Not Yet Effective

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

(Expressed in Canadian dollars)

3. Property and Equipment

	Building $	Equipment $	Total $
Cost:			
Balance, May 31, 2020	249,548	199,780	449,328
Additions	22,105	42,437	64,542
Balance, February 28, 2021	271,653	242,217	513,870
Accumulated depreciation:			
Balance, May 31, 2020	1,834	28,420	30,254
Additions	5,286	43,330	48,616
Balance, February 28, 2021	7,120	71,750	78,870
Carrying amounts:			
As at May 31, 2020	247,714	171,360	419,074
As at February 28, 2021	264,533	170,467	435,000

4. Right-of-use Assets

Right-of-use assets is comprised of the following:

	Equipment $
Cost:	
Balance, May 31, 2020 and February 28, 2021	231,754
Accumulated depreciation:	
Balance, May 31, 2020	48,547
Additions	37,434
Balance, February 28, 2021	85,981
Carrying amount:	
As at May 31, 2020	183,207
As at February 28, 2021	145,773

5. Loans Payable

(a) As at February 28, 2021, the Company owed $37,574 (May 31, 2020 - $49,088) to a non-related party. Under the term of the loan, the amount is secured by first charge over certain of the Company's equipment, bears interest at 4.65% per annum, and is repayable in one payment of $7,749 and four equal annual installments of $13,797 to the maturity date of January 1, 2024.

(b) As at February 28, 2021, the Company owed $15,000 (May 31, 2020 - $nil) to a non-related party which is non-interest bearing, unsecured, and due on demand.

(Expressed in Canadian dollars)

6. Lease Liabilities

	$
Balance, May 31, 2020	195,652
Principal payments	(48,004)
Interest payments	7,115
Balance, February 28, 2021	154,763
Less: current portion	40,959
Non-current portion	113,804

The lease liability was discounted using the rates noted in the lease agreements, which range from 4.36% - 7.50%.

7. Related Party Transactions

(a) As at February 28, 2021, the Company owed $668,122 (May 31, 2020 - $551,317) to the sole shareholder and companies controlled by the sole shareholder of the Company. The amount is unsecured, non-interest bearing, and due on demand.

(b) As at February 28, 2021, the Company owed $5,000 (May 31, 2020 - $5,000) to a company with a common director and where the sole shareholder of the Company is a director. The amount owed is unsecured, non-interest bearing, and due on demand.

8. Share Capital

(a) On June 15, 2020, the Company cancelled 100 founder’s shares.

(b) On June 15, 2020, the Company issued 3,500,000 common shares at $0.005 per share for proceeds of $17,500 to the sole shareholder of the Company.

(c) On June 15, 2020, the Company issued 16,500,000 common shares at $0.02 per share for proceeds of $330,000 to the sole shareholder of the Company.

9. Commitments

(a) On June 1, 2020, the Company entered into a one year service contract with a third-party contractor for farming and cultivation services. Per the agreement, the contractor is to receive $400 per acre planted and $600 per acre harvested, with a minimum area cultivated of 200 acres.

(b) On January 21, 2021, the Company executed a Technology License Agreement dated November 30, 2020 (as amended on June 6, 2021) with a third party (“Licensor”). The Licensor has developed and invented patent pending technology that can efficiently separate hemp and cannabis plant matter making the harvesting costs effective and streamlined (the “Technology”). The Company and the Licensor intend to commercialize the Technology. The Licensor will be responsible for the support and services of the Technology for a period of five years from November 30, 2020. The Company has an exclusive, worldwide license for which it will pay a license fee of $1,200,000 to the Licensor. The license fee will become due and payable upon the Company completing its first commercial sale of hemp products harvested using the technology and having a commercial value equal to or greater than the license fee. The Licensor will also be entitled to a royalty of 8% of gross sales on licensed products which are manufactured and sold by the licensee during the term of the agreement.

10. Proposed Transaction

On September 4, 2020, the Company entered into an agreement to be acquired by Veritas Pharma Inc. ("Veritas"). The Company will transfer 100% of its issued and outstanding shares for aggregate consideration of $28,000,000 to be provided in common shares of Veritas, at a deemed price per share equal to the closing price on the CSE on the day prior to closing.

On April 29, 2021, the acquisition agreement was approved by the shareholders of Veritas. The closing of the acquisition is subject to regulatory and Canadian Securities Exchange approval.