

**RRITUAL SUPERFOODS INC.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
(Unaudited)

**For the nine months ended March 31, 2021**

(Expressed in Canadian Dollars)

**RRITUAL SUPERFOODS INC.**  
**CONDENSED CONSOLIDATED INTERIM BALANCE SHEET**  
(Unaudited - Expressed in Canadian Dollars)

<b>AS AT</b>	<b>Note</b>	<b>March 31, 2021</b>	<b>June 30, 2020</b>
		\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash		2,984,425	321,270
Sales tax receivable		72,440	-
Inventory	4	767,097	-
Prepaid expenses and inventory deposits	5	1,677,584	-
<b>Total current assets</b>		<b>5,501,546</b>	<b>321,270</b>
<b>Non-Current</b>			
Intangible assets	6	8,475	-
<b>Total assets</b>		<b>5,510,021</b>	<b>321,270</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	7	515,190	72,958
<b>EQUITY</b>			
Share capital	8	7,502,719	396,252
Share subscriptions received	8	-	13,000
Share subscriptions receivable	8	-	(20,000)
Reserves	8	643,159	20,376
Accumulated other comprehensive income		(27,346)	-
Deficit		(3,123,701)	(161,316)
<b>Total equity</b>		<b>4,994,831</b>	<b>248,312</b>
<b>Total liabilities and equity</b>		<b>5,510,021</b>	<b>321,270</b>

**Nature and continuance of operations** (Note 1)

**Subsequent events** (Note 14)

Approved on behalf of the Board of Directors and authorized for issuance on May 28, 2021:

\_\_\_\_\_  
“Signed”  
David Kerbel, Director

\_\_\_\_\_  
“Signed”  
Scott Eldridge, Director

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

**RRITUAL SUPERFOODS INC.****CONDENSED CONSOLIDATED INTERIM STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS**

(Unaudited - Expressed in Canadian Dollars)

	<i>Note</i>	Three months ended March 31, 2021	Three months ended March 31, 2020	Nine months ended March 31, 2021	Nine months ended March 31, 2020
		\$	\$	\$	\$
Revenue		721	-	721	-
Cost of goods sold		413	-	413	-
Gross margin		308		308	
<b>Expenses</b>					
General and administrative		124,585	-	232,959	-
Amortization Expense	6	25,446	-	25,446	-
Marketing and Promotion		586,693	-	1,068,297	-
Consulting	10	415,245	-	990,556	-
Professional fees		108,352	-	236,181	-
Share-based compensation	8 & 10	250,365	-	409,262	-
Total Expenses		1,510,686	-	2,962,701	-
<b>Net loss</b>		(1,510,378)	-	(2,962,393)	-
Other comprehensive (loss) income					
Foreign currency translation gain		(10,539)	-	(27,346)	-
Total other comprehensive income		(10,539)	-	(27,346)	-
Comprehensive loss		(1,520,917)	-	(2,989,739)	-
Loss per share					
Basic and diluted		\$ (0.04)	\$ -	\$ (0.08)	\$ -
Weighted average number of common shares					
Basic and diluted		42,980,464	200	35,698,412	200

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

**RRITUAL SUPERFOODS INC.**
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

(Unaudited - Expressed in Canadian Dollars)

		Number of		Share	Share		Equity	Accumulated		
	<b>Note</b>	common	Share	subscriptions	subscriptions	Reserves	Portion of	Other	Deficit	Total equity
		shares	Capital	received	receivable		Convertible	Comprehensive		
			\$	\$	\$	\$	Notes	Loss	\$	\$
<b>Balance, June 30, 2019</b>		200	2	-	-	-	-	-	-	2
<b>Balance, March 31, 2020</b>		200	2	-	-	-	-	-	-	2

		Number of		Share	Share		Equity	Accumulated		
	<b>Note</b>	common	Share	subscriptions	subscriptions	Reserves	Portion of	Other	Deficit	Total equity
		shares	Capital	received	receivable		Convertible	Comprehensive		
			\$	\$	\$	\$	Notes	Loss	\$	\$
<b>Balance, June 30, 2020</b>		20,250,200	396,252	13,000	(20,000)	20,376	-	-	(161,316)	248,312
Common shares issued	8	33,275,000	7,251,500	(13,000)	20,000	-	-	-	-	7,258,500
Share issue costs - cash	8	-	(791,933)	-	-	-	-	-	-	(791,933)
Share issue costs - non-cash	8	-	(523,027)	-	-	223,027	-	-	-	(300,000)
Common shares issued for services	8 & 10	1,380,000	138,000	-	-	-	-	-	-	138,000
Common shares issued for asset acquisition	8 & 10	1,500,000	30,000	-	-	-	-	-	-	30,000
Cancellation of common shares	8	(200)	(8)	-	-	-	-	-	8	-
Exercise of options	8	375,000	47,006	-	-	(9,506)	-	-	-	37,500
Issuance of convertible promissory notes	9	-	-	-	-	-	950,402	-	-	950,402
Conversion of Promissory notes		3,183,083	954,929	-	-	-	(950,402)	-	-	4,527
Share-based compensation	8 & 10	-	-	-	-	409,262	-	-	-	409,262
Net loss and other comprehensive loss for the period		-	-	-	-	-	-	(27,346)	(2,962,393)	(2,989,739)
<b>Balance, March 31, 2021</b>		59,963,083	7,502,719	-	-	643,159	-	(27,346)	(3,123,701)	4,994,831

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

**RRITUAL SUPERFOODS INC.****CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**

(Unaudited - Expressed in Canadian Dollars)

	<i>Note</i>	<b>Nine months ended March 31, 2021</b>	<b>Nine months ended March 31, 2020</b>
		\$	\$
<b>Operating activities</b>			
Net loss for the period		(2,962,393)	-
Adjusted for:			
Share-based compensation	8	409,262	-
Shares issued for service	8 & 10	138,000	-
Shares issued for interest	8	4,527	-
Amortization expense	6	25,446	-
Changes in non-cash working capital:			
Sales tax receivable		(72,440)	-
Inventory		(772,282)	-
Prepaid expenses and deposits		(1,686,205)	-
Accounts payable and accrued liabilities		442,951	-
Cash flows from operating activities		(4,473,134)	-
<b>Investing activities</b>			
Trademark purchases		(3,950)	-
Cash flows from investment activities		(3,950)	-
<b>Financing activities</b>			
Common shares issued for cash	8	6,996,000	-
Share issue costs	8	(791,933)	-
Convertible notes issued	9	950,402	-
Cash flows from financing activities		7,154,469	-
Effect of foreign exchange on cash		(14,230)	-
Change in cash		2,663,155	-
Cash, beginning of period		321,270	-
Cash, end of period		2,984,425	-
<b>Supplemental cash flow disclosure:</b>			
Fair value of broker warrants	8	223,027	-
Intangible assets acquired for common shares	8	30,000	-

No cash was paid for interest or income taxes for the period presented.

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

**RRITUAL SUPERFOODS INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Nine months ended March 31, 2021

(Unaudited - Expressed in Canadian Dollars)

**1. NATURE AND CONTINUANCE OF OPERATIONS**

Rritual Superfoods Inc. (the "Company") was incorporated pursuant to the provisions of the British Columbia Business Corporations Act as 1207645 BC Ltd. on May 6, 2019. On April 3, 2020, it changed its name to Rritual Mushrooms Inc and on November 5, 2020, it changed its name to Rritual Superfoods Inc. The Company's registered and records office address is 900 – 855 West Georgia Street, Vancouver, BC, V6C 3H1. The Company's head office address is 151 West Hasting Street, Vancouver BC, V6B 1H4.

The Company is engaged in the business of development, marketing, sales, and distribution of proprietary dietary and nutritional supplements and beverages containing herbs and other extracts such as fruits, roots, fungi, and vegetables. The Company's initial product launches are focused on plant-based products incorporating mushroom based adaptogens. The Company will sell its suite of products through an omni-channel business strategy direct to consumer and, through distribution partners, to brick-and-mortar retailers.

On February 26, 2021, the Company completed its initial public offering (the "IPO") of 20,000,000 units at a price of \$0.30 per unit for gross proceeds of \$6,000,000. Each unit consisted of one common share and one-half share purchase warrant with each full warrant being exercisable at price of \$0.60 for a period of thirty-six months from the closing of the offering (the "IPO warrants"). The Company listed its common shares on the CSE effective March 5, 2021 under the trading symbol RSF. The IPO warrants are listed on the CSE under the trading symbol RSF-WT.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. The Company's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, obtain the necessary financing to meet its near-term obligations such that it can repay its liabilities when they become due. The inability to achieve these objectives may cast significant doubt about the Company's ability to continue as a going concern.

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Company's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Company's operations. As of May 28, 2021, the extent of the impact of this outbreak and related containment measures on the Company's operations cannot be reliably estimated.

**2. BASIS OF PRESENTATION****Statement of compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") in accordance with International Accounting Standards 34, *"Interim Financial Reporting"* ("IAS 34") as issued by the International Accounting Standards Board ("IASB"), and interpretations of the IFRS Interpretations Committee ("IFRIC").

**Basis of measurement**

These condensed consolidated 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 fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

**RRITUAL SUPERFOODS INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Nine months ended March 31, 2021

(Unaudited - Expressed in Canadian Dollars)

**2. BASIS OF PRESENTATION (Continued)****Use of estimates, assumptions, and Judgements**

The preparation of financial statements in conformity with IFRS requires the use of judgments and/or estimates that affect the amounts reported and disclosed in the consolidated financial statements and related notes. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances, having given regard to previous experience, but actual results may differ materially from the amounts included in the financial statements. The critical estimates and judgments applied in the preparation of the unaudited condensed interim consolidated financial statements for the nine months ended March 31, 2021 are consistent with those applied and disclosed in Note 3 to the Company's audited consolidated financial statements for the year ended June 30, 2020.

**Presentation and functional currency**

The condensed consolidated interim financial statements of the Company are presented in Canadian dollars and are prepared in accordance with the same accounting policies, critical estimates and methods described in the Company's annual consolidated financial statements, except for the adoption of new accounting standards identified in Note 3. Given that certain information and disclosures, which are included in the annual audited consolidated financial statements, have been condensed or excluded in accordance with IAS 34, these financial statements should be read in conjunction with our annual audited consolidated financial statements as at and for the year ended June 30, 2020, including the accompanying notes thereto.

The functional currency of the Company is the Canadian dollar. The functional currency of the Company's wholly owned subsidiary is detailed below.

<b>Name of subsidiary</b>	<b>Abbreviation</b>	<b>Country of Incorporation</b>	<b>Percentage Ownership</b>	<b>Functional Currency</b>	<b>Principal Activity</b>
Rritual USA Inc.	Rritual USA	USA	100%	USD	Dietary Supplements

**Consolidation**

These condensed consolidated interim financial statements include the accounts of the Company and its subsidiary, which is controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. All intercompany transactions are eliminated upon the preparation of these condensed consolidated interim financial statements.

**3. ACCOUNTING POLICIES****Intangible Assets**

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Other intangible assets, comprising licenses, trademarks, technology, and product formulations that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over the estimated useful lives and is recognized in profit or loss. Goodwill is not amortized. The amortization of product formulations begins when the Company starts to generate revenue from the asset. Acquired formulations and trademarks are amortized on a straight-line basis over a period of one year.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**RRITUAL SUPERFOODS INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Nine months ended March 31, 2021

(Unaudited - Expressed in Canadian Dollars)

**3. ACCOUNTING POLICIES (Continued)****Inventory**

The Company defines inventory as all purchased raw materials and finished goods for resale, consumable supplies and accessories.

Products for resale, consumable supplies and accessories are initially recognized at cost and subsequently valued at the lower of cost and NRV. The Company reviews these types of inventory for obsolescence, redundancy and slow turnover to ensure that they are written-down and reflected at NRV.

**Revenue**

The Company's accounting policy for revenue recognition under IFRS 15 is as follows:

To determine the amount and timing of revenue to be recognized, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied.

Revenue from the direct sale of dietary supplements for a fixed price is recognized when the Company transfers control of the good to the customer upon delivery.

**New accounting policies**

The Company has not yet adopted certain standards, interpretations to existing standards and amendments which have been issued but have an effective date later than July 1, 2020. Many of these updates are not currently relevant to the Company and are therefore not discussed herein.

**4. INVENTORY**

	<b>March 31, 2021</b>	<b>June 30, 2020</b>
	\$	\$
Raw Materials	126,642	-
Finished Goods	600,076	-
Supplies and other consumables	40,379	-
<b>Total</b>	<b>767,097</b>	<b>-</b>

During the nine months ended March 31, 2021, inventory expensed to cost of goods sold was \$190 (nine months ended December 31, 2019 - \$nil).



**RRITUAL SUPERFOODS INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Nine months ended March 31, 2021

(Unaudited - Expressed in Canadian Dollars)

**5. PREPAID EXPENSES AND INVENTORY DEPOSITS**

	<b>March 31, 2021</b>	<b>June 30, 2020</b>
	\$	\$
Prepaid expenses	648,298	-
Deposits for inventory	1,029,286	-
<b>Total</b>	<b>1,677,584</b>	<b>-</b>

**6. INTANGIBLE ASSETS**

The following is a continuity schedule of intangible assets:

	<b>March 31, 2021</b>	<b>June 30, 2020</b>
	\$	\$
<b>Intangible assets:</b>		
Formulations	30,000	-
Trademarks	3,950	-
Less: Amortization	(25,475)	-
<b>Total</b>	<b>8,475</b>	<b>-</b>

The following summarizes the changes in the net book value of intangible assets:

	<b>Formulations and Trademarks</b>
	\$
<b>Intangible assets:</b>	
Net book value, June 30, 2020	-
Additions	33,950
Amortization	(25,475)
<b>Net book value, March 31, 2021</b>	<b>8,475</b>

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>March 31, 2021</b>	<b>June 30, 2020</b>
	\$	\$
Trade accounts payable	385,286	72,958
Accrued liabilities	129,904	-
	515,190	72,958

**RRITUAL SUPERFOODS INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Nine months ended March 31, 2021

(Unaudited - Expressed in Canadian Dollars)

**8. SHARE CAPITAL AND RESERVES****Authorized**

Unlimited common shares with no par value. As of March 31, 2021, there were 59,963,083 common shares outstanding.

**Escrow shares**

The Company has shares subject to trading restrictions and escrow which are released in tranches through 2022. As at March 31, 2021, a total of 25,590,000 common shares were subject to these escrow restrictions.

**Issued and Outstanding – Common Shares Fiscal 2021:**

During the nine-month period ended March 31, 2021 the Company issued common shares as follows:

- a) The Company completed a private placement of 3,450,000 common shares at a price of \$0.02 per share for gross proceeds of \$69,000.
- b) The Company issued 1,500,000 common shares of the Company at a price of \$0.02 per share pursuant to an asset purchase agreement to acquire product formulations for an aggregate fair value of \$30,000. Of the 1,500,000 shares issued, 1,375,000 were issued to directors of the Company.
- c) The Company completed a private placement of 8,825,000 units at a price of \$0.10 per unit for gross proceeds of \$882,500. Each unit consists of one common share and one-half common share purchase warrant exercisable at a price of \$0.45 for a period of two years from closing. The Company incurred share issuance costs of \$69,169 in relation to the private placement.
- d) The Company issued 1,380,000 common shares for services at a fair value of \$0.10 per share for total consideration of \$138,000. Of the shares issued 1,100,000 were issued to directors and officers of the Company.
- e) The Company issued 375,000 common shares pursuant to the exercise of options in exchange for consideration of \$37,500 and the reallocation of \$9,506 of reserves from previously recognized share-based compensation expense.
- f) The Company cancelled 200 common shares. In relation to the cancellation the Company recorded a charge to deficit of \$8.
- g) On February 26, 2021, the Company completed its initial public offering (the "IPO") of 20,000,000 units at a price of \$0.30 per unit for gross proceeds of \$6,000,000. Each unit consisted of one common share and one-half share purchase warrant with each full warrant being exercisable at price of \$0.60 for a period of thirty-six months. The Company paid cash commission equal to 7% of the aggregate gross proceeds of \$420,000 and incurred share issue costs \$371,933 for total cash-based share issuance costs of \$722,764. The Co-lead underwriters were granted 1,400,000 broker warrants exercisable into units at a price of \$0.30 expiring March 5, 2024. Each broker warrant unit consists of one common share and one-half common share purchase warrant with each full warrant exercisable at \$0.60 expiring March 5, 2024. The grant date fair value of the broker warrants was \$223,027 using the Black-Scholes valuation model with the following assumptions: expected life – 3 years; volatility 80%; dividend yield of 0%; and risk-free rate – 0.5%. The Company also issued 1,000,000 corporate finance fee units at a value of \$0.30 which was recorded as non-cash share issue cost totaling \$300,000. Each corporate finance fee unit consists of one common share and one-half common share purchase warrant with each full warrant (500,000 in aggregate) exercisable at a price of \$0.60 per share expiring March 5, 2024.

**RRITUAL SUPERFOODS INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Nine months ended March 31, 2021

(Unaudited - Expressed in Canadian Dollars)

**8. SHARE CAPITAL AND RESERVES (Continued)****Issued and Outstanding – Common Shares Fiscal 2020:**

During the period ended June 30, 2020 the Company issued common shares as follows:

- a) The Company completed a non-brokered private placement of \$335,000 by the issuance of 17,750,000 common shares at a price of \$0.02 per share. An additional \$13,000 was received in advance of a second closing on the same terms. Subsequently the Company issued 650,000 common shares in relation to the \$13,000 in subscriptions received in advance. \$20,000 of the private placement was recorded as subscriptions receivable and was received after period end.
- b) The Company issued 2,500,000 common shares to directors of the Company at a price of \$0.02 per share pursuant to debt settlement agreements for total consideration of \$50,000. The consideration consisted of \$40,685 in unpaid consulting fees and \$9,315 of costs incurred on behalf of the Company.

**Stock options**

The Company has adopted a long-term incentive plan (the "Plan") for its directors, officers, employees, and consultants to acquire common shares of the Company. The plan provides a framework for the Company to grant Stock Options, Restricted Share Units, Performance Share Units, and Deferred Share Units. The aggregate number of Stock options and Units granted shall not exceed 25% of the issued and outstanding common shares of the Company with no one individual director or officer being granted options or units to acquire more than 10% of the issued and outstanding common shares. In addition, the exercise price of stock options granted under the plan shall not be lower than the market price on the date of grant. The maximum term of an option award under the plan is 10 years.

**RRITUAL SUPERFOODS INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Nine months ended March 31, 2021

(Unaudited - Expressed in Canadian Dollars)

**8. SHARE CAPITAL AND RESERVES (Continued)**

A summary of stock option activity is as follows:

	Number of Options	Weighted Average Price \$
<b>Balance at June 30, 2020</b>	5,300,000	0.10
Granted	4,500,000	0.35
Exercised	(375,000)	0.10
Cancelled	(1,087,500)	0.10
<b>Balance at March 31, 2021</b>	8,337,500	0.23

The following table summarizes stock options outstanding and exercisable as at March 31, 2021:

Expiry date	Number of Options	Exercisable	Number of Options	Weighted Average Exercise Price \$	Weighted Average Remaining Years
June 23, 2025	2,187,500		1,640,625	0.10	4.23
June 23, 2025	1,650,000		1,237,500	0.30	4.23
October 8, 2025	2,225,000		556,250	0.30	4.53
November 24, 2025	700,000		175,000	0.30	4.65
February 1, 2026	550,000		-	0.30	4.84
March 8, 2026	1,025,000		-	0.54	4.94
	8,337,500		3,609,375	0.28	4.47

Share-based compensation expense recognized during the period of \$399,482 related to options vested during the period. The Option Pricing Model used the following weighted average assumptions:

	March 31, 2021	June 30, 2020
Risk-free interest rate	0.50%	0.50%
Expected life of options	4	4
Expected forfeitures	10%	10%
Annualized volatility	80%	80%
Dividend rate	0%	0%
Weighted average fair value per option	\$0.28	\$0.01

Expected annualized volatility was determined using the historic volatility of established comparable publicly traded companies.

**RRITUAL SUPERFOODS INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Nine months ended March 31, 2021

(Unaudited - Expressed in Canadian Dollars)

**8. SHARE CAPITAL AND RESERVES (Continued)****Restricted Share Units ("RSUs")**

A summary of restricted shares unit activity is as follows:

	<b>Number of RSU's</b>	<b>Share price on grant date</b>
		\$
<b>Balance at March 31, 2021</b>	900,000	0.02

180,000 restricted share units vested on January 1, 2021 and 720,000 units vested April 1, 2021. Share-based compensation expense recognized during the period of \$9,780 related to Restricted Shares Units. Subsequent to period end the vesting was amended by the Company (Note 14)

**Share Purchase Warrants**

The Company enters into agreements for various services for which all or partial consideration is comprised of warrants. As the fair value of the provision of services is difficult to measure, the Company measures the fair value of services received or to be received by reference to the fair value of warrants granted using the Black-Scholes Model as described in the Company's Financial Statements.

Each whole warrant entitles the holder to purchase one common share of the Company. A summary of warrants outstanding is as follows:

	<b>Number of Warrants</b>	<b>Weighted Average</b>
		\$
<b>Balance at June 30, 2020</b>	-	-
Granted	16,504,033	0.56
<b>Balance at March 31, 2021</b>	16,504,033	0.56

The following table summarizes the warrants outstanding as at March 31, 2021:

<b>Expiry date</b>	<b>Number of Warrants</b>	<b>Exercise Price</b>
		\$
August 18, 2022	3,587,500	0.45
August 28, 2022	275,000	0.45
September 2, 2022	500,000	0.45
September 18, 2022	50,000	0.45
September 30, 2022**	1,591,533	0.60
March 5, 2024	10,000,000	0.60
March 5, 2024	500,000	0.60
	16,504,033	

\*\* Warrants relate to convertible promissory note (Note 9)

**RRITUAL SUPERFOODS INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Nine months ended March 31, 2021

(Unaudited - Expressed in Canadian Dollars)

**8. SHARE CAPITAL AND RESERVES (Continued)****Broker Warrants**

A summary of broker warrants outstanding is as follows:

	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price</b>
		<b>\$</b>
<b>Balance at June 30, 2020</b>	-	-
Granted	1,400,000	0.30
<b>Balance at March 31, 2021</b>	1,400,000	-

Each broker warrant is exercisable at a price of \$0.30 into units which consist of one common share and one-half common share purchase warrant exercisable until March 5, 2024. Upon conversion each full warrant shall be exercisable at a price of \$0.60 expiring on March 5, 2024.

**RRITUAL SUPERFOODS INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Nine months ended March 31, 2021

(Unaudited - Expressed in Canadian Dollars)

**9. CONVERTIBLE NOTES**

On September 30, 2020, the Company completed a financing of Qualifying Convertible Notes in the aggregate Principal Amount of \$950,402. The Qualifying Convertible Notes automatically convert into Convertible Note Units upon the earlier of: (i) the Company receiving a receipt for its final Prospectus from the securities regulatory authorities in each of the jurisdictions in which the Company files the Prospectus; or (ii) the Maturity Date of the Qualifying Convertible Notes being March 31, 2021. Upon conversion, each Convertible Note Unit will be comprised of one Convertible Note Unit Share and one-half of one non-transferable Convertible Note Unit Warrant. Each whole Convertible Note Unit Warrant entitles the holder thereof to purchase one additional Convertible Note Unit Warrant Share at an exercise price of \$0.60 for a period of 24 months from the date of issuance. The Company did not receive any additional proceeds upon the automatic conversion of the Qualifying Convertible Notes upon the closing of its IPO. No commission or fee was paid by the Company with respect to the issue of the Qualifying Convertible Notes and no commission or fee was paid by the Company in connection with the issuance of the Convertible Note Units.

Upon closing of the IPO, the Qualifying Convertible Notes automatically converted into 3,183,083 units at a price of \$0.30 per share. Each unit consists of one common share and one half of one common share purchase warrant (1,591,533 warrants in total). Each full warrant is exercisable at a price of \$0.60 until September 30, 2022. Of the total shares issued, 3,167,993 related to the conversion of the principal balance 15,090 share were issued for \$4,527 in accrued interest.

**10. RELATED PARTY TRANSACTIONS****Key management personnel**

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers and/or companies controlled by those individuals.

During the nine months ended March 31, 2021 the Company entered the following key management transactions:

	<b>March 31, 2021</b>
	\$
Consulting services - David Kerbel, CEO	69,364
Consulting services - Mike Hart, former President	22,500
Consulting services - Gurinder Sandhu, former Director	62,500
Consulting services - Amandeep Gill, former Director	62,500
Consulting services - Robert Payment, CFO	45,000
Shares issued for services - David Kerbel, CEO	20,000
Shares issued for services - Robert Payment, CFO	10,000
Shares issued for services - Warren Spence, Director	20,000
Shares issued for services - Gurinder Sandhu, former Director	40,000
Shares issued for services - Amandeep Gill, former Director	40,000
<b>Total</b>	<b>391,864</b>

Share-based compensation of \$166,591 was related to directors, officers, and former directors and officers. \$31,500 owing to Robert Payment was recorded as accounts payable at March 31, 2021.

## **11. FINANCIAL INSTRUMENTS**

### **Fair value**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- 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 or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Cash is carried at fair value using a level 1 fair value measurement. The recorded values of accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity.

### **Financial risk management**

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objective of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

#### *Credit risk*

Credit risk is the risk of potential loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. Cash is held with reputable Canadian financial institutions, from which management believes the risk of loss is remote. The Company's maximum credit risk exposure is equivalent to the carrying value of cash.

#### *Interest rate risk*

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to a floating rate of interest. The interest rate risk on cash is not considered significant by management.

#### *Liquidity risk*

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2021 the Company's financial liabilities consist of accounts payable and accrued liabilities. Accounts payable and accrued liabilities have contractual maturities within one year. The Company manages liquidity risk by reviewing its capital requirements on an ongoing basis.



**RRITUAL SUPERFOODS INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Nine months ended March 31, 2021

(Unaudited - Expressed in Canadian Dollars)

**11. FINANCIAL INSTRUMENTS (Continued)***Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. An increase (decrease) of 10% in the foreign exchange rate between the USD and Canadian dollar will increase (decrease) net comprehensive income by \$44,464. The Company does not undertake currency hedging activities to mitigate its foreign currency risk.

	March 31, 2021		Balances in CAD	
	USD	CAD equivalent	+10%	Total
Cash	473,543	595,481	541,346	54,135
AP	(84,591)	(106,373)	(96,703)	(9,670)
Total increase/(decrease) CAD	388,952	489,108	444,643	44,464

**12. CAPITAL MANAGEMENT**

The Company defines capital as equity. The Company manages its capital structure and makes adjustments in order to have the funds available to support its operating activities.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern and to pursue the development of its business. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new equity instruments, new debt, or acquire and/or dispose of assets. As discussed in Note 1, the Company's ability to continue as a going concern is uncertain and dependent upon the continued financial support of its shareholders, future profitable operations, and securing additional financing.

Management reviews its capital management approach on an ongoing basis. There were no changes in the Company's approach to capital management during the period presented. The Company is not subject to externally imposed capital requirement.

**13. SEGMENTED INFORMATION**

The Company operates in one reportable business segment, the marketing and distribution of dietary supplements containing functional mushrooms. The Company defines its reportable segments based on geographical locations – Canada, and USA. Reportable segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources, and in assessing performance. All sales during the period occurred in the United States.

**RRITUAL SUPERFOODS INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Nine months ended March 31, 2021

(Unaudited - Expressed in Canadian Dollars)

**14. SUBSEQUENT EVENTS**

Subsequent to March 31, 2021, the Company completed the following transactions:

- a) The Company granted an aggregate of 1,140,000 RSUs to certain consultants, directors and officers of the Company pursuant to the Plan. Each RSU represents the right to receive, once vested, one common share in the capital of the Company. All of the RSUs granted to consultants of the Company vested immediately upon grant and all of the RSUs granted to directors and officers of the Company will vest on January 1, 2022. In accordance with applicable securities laws, the securities granted to eligible holders are subject to a seasoning period of four months from the date that the Company became a reporting issuer in Canada.
- b) Amended the vesting of 720,000 RSUs which were to vest one quarter between April 1, 2021 and January 1, 2022 to vest fully on April 5, 2021.
- c) 1,750,000 common shares were issued pursuant to the conversion of RSUs.
- d) 212,250 common shares were issued pursuant to the exercise of stock options for gross proceeds of \$51,250.
- e) 134,264 common shares were issued pursuant to the exercise of warrant options for gross proceeds of \$80,558.