

AVANT

October 13, 2021

Condensed Interim Consolidated Financial Statements

(Unaudited - Expressed
in Canadian dollars)

Third Quarter - August 31, 2021

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AVANT BRANDS INC.**Condensed Interim Consolidated Statements of Financial Position**

As at August 31, 2021 and November 30, 2020

(Unaudited, Tabular Amounts Expressed in Thousands of Canadian Dollars Except Share Amounts)

	Note	August 31, 2021	November 30, 2020
Assets			
Current assets			
Cash and cash equivalents		\$ 16,346	\$ 625
Accounts receivable	5	3,097	2,067
Prepaid expenses		406	251
Biological assets	6	1,914	1,884
Inventory	7	6,074	4,973
Assets held for sale	8	211	541
		28,048	10,341
Property, plant and equipment	9	16,525	17,471
Deposits		195	195
Goodwill		1,092	1,092
Intangible assets		8,102	8,102
Investment in associate	10	3,152	2,666
Promissory notes receivable		107	107
Right-of-use assets	12	577	826
Total assets		\$ 57,798	\$ 40,800
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	17	\$ 1,040	\$ 2,488
Convertible notes	13	-	276
Current portion of long-term debt	14	-	1,686
Due to related parties	17	-	602
Lease liabilities	12	307	267
Lease liabilities, assets held for sale	12	-	596
		1,347	5,915
Convertible notes	13	-	1,592
Deferred income tax		1,199	1,199
Long-term debt	14	-	3,025
Lease liabilities	12	387	649
Total liabilities		2,933	12,380
Shareholders' equity			
Share capital	15	92,562	62,214
Subscriptions		-	85
Contributed surplus		6,693	6,526
Accumulated deficit		(44,390)	(40,405)
Total shareholders' equity		54,865	28,420
Total liabilities and shareholders' equity		\$ 57,798	\$ 40,800

Nature and continuance of operations (Note 1)**Commitments and contingencies (Note 21)****Subsequent events (Note 22)**

Approved on behalf of the Board on October 13, 2021:

/s/ Duane Lo, Director/s/ Derek Sanders, Director

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements

AVANT BRANDS INC.**Condensed Interim Consolidated Statements of Comprehensive Loss**

For the three and nine months ended August 31, 2021 and 2020

(Unaudited, Tabular Amounts Expressed in Thousands of Canadian Dollars Except Share Amounts)

	Note	Three months ended		Nine months ended	
		2021	2020	2021	2020
Revenue		\$ 3,101	\$ 2,400	\$ 8,234	\$ 6,262
Excise taxes		(371)	(329)	(1,076)	(613)
Net revenue		2,730	2,071	7,158	5,649
Cost of sales	7	1,635	627	4,291	2,366
Gross margin before fair value changes		1,095	1,444	2,867	3,283
Unrealized (loss) gain on changes in fair value of biological assets		(2,301)	(264)	(1,006)	268
Gross margin		(1,206)	1,180	1,861	3,551
Operating expenses					
Administration and general		87	78	212	450
Business fees and licenses		443	136	774	373
Consulting fees		77	-	258	-
Depreciation and amortization	9	187	185	567	600
Depreciation, right-of-use asset	12	40	22	147	264
Management fees		86	47	191	165
Marketing and advertising		26	71	149	201
Professional fees		302	45	786	510
Salaries and wages		466	487	1,291	1,460
Share based payments	16	25	70	150	456
Travel		26	20	62	67
		1,765	1,161	4,587	4,546
Net (loss) income from operations		(2,971)	19	(2,726)	(995)
Other income (expense)					
Canadian emergency wage subsidy	5	581	-	1,480	-
Financing costs		(16)	(5)	(71)	(160)
Equity loss on investment in associate	10	(240)	(75)	(516)	(239)
Gain on sale of assets and investments	11	-	-	500	-
Non-refundable deposit		-	-	25	-
Loss on extinguishment of loan	14	-	-	(1,024)	-
Investment gain (loss)		-	(8)	-	253
Interest and accretion		-	(211)	(1,103)	(954)
Net loss from continuing operations		(2,646)	(280)	(3,435)	(2,095)
Net loss from discontinued operations		(42)	-	(112)	(143)
Net loss and comprehensive loss		\$ (2,688)	\$ (280)	\$ (3,547)	\$ (2,238)
Loss per common share					
Basic and fully diluted		\$ (0.01)	\$ 0.00	\$ (0.02)	\$ (0.02)
Weighted average shares outstanding					
Basic and fully diluted		199,484	106,155	161,283	106,155

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements

AVANT BRANDS INC.

Condensed Interim Consolidated Statements of Changes in Equity

For the nine months ended August 31, 2021 and November 30, 2020

(Unaudited, Tabular Amounts Expressed in Thousands of Canadian Dollars Except Share Amounts)

	Attributable to equity holders of the Company					Total
	Shares (000's)	Share capital	Subscriptions received	Contributed Surplus	Deficit	
Balance at November 30, 2020	140,724 \$	62,214 \$	85 \$	6,526 \$	(40,405) \$	28,420
Net loss for the period	-	-	-	-	(3,547)	(3,547)
Shares issued for cash	42,500	24,600	-	1,150	-	25,750
Share issuance cost	-	(2,216)	-	660	-	(1,556)
Shares issued for contingent consideration for acquisitions	795	438	-	-	(438)	-
Share-based compensation	-	-	-	150	-	150
Exercise of warrants	9,622	3,871	-	(785)	-	3,086
Exercise of stock options	2,301	1,319	(85)	(452)	-	782
Shares issued upon conversion of convertible debt	3,651	2,336	-	(556)	-	1,780
Balance at August 31, 2021	199,593	92,562	-	6,693	(44,390)	54,865
Balance at November 30, 2019	126,686 \$	59,912 \$	85 \$	6,096 \$	(29,675) \$	36,418
Net loss for the period	-	-	-	-	(2,238)	(2,238)
Share issuance costs	-	(21)	-	-	-	(21)
Shares issued and issuable for contingent consideration	8,455	1,875	-	(300)	(1,588)	(13)
Shares issued for debt financing	2,135	395	-	-	-	395
Shares cancelled from escrow	(1,719)	-	-	-	-	-
Reclassification of contributed surplus	-	-	-	(315)	315	-
Exercise of stock options	300	90	-	-	-	90
Share based payments	2,445	131	-	364	-	495
Balance at August 31, 2020	138,302 \$	62,382 \$	85 \$	5,845 \$	(33,186) \$	35,126

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements

AVANT BRANDS INC.**Condensed Interim Consolidated Statements of Cash Flows**

For the nine months ended August 31, 2021 and 2020

(Unaudited, Tabular Amounts Expressed in Thousands of Canadian Dollars Except Share Amounts)

	2021		2020
Cash flows from operating activities			
Net loss from continuing operations	\$ (3,435)	\$	(2,095)
Items not affecting cash:			
Accretion expense	251		950
Depreciation and amortization	977		951
Amortization, right-of-use	240		362
Equity loss on investment in associate	516		239
Financing costs (lease)	121		229
Loss on extinguishment of debt	1,024		-
Loss on discontinued assets	-		143
Gain on lease modification	(62)		-
Share based payments	-		365
Shares issued for services	150		133
Impairment of inventory	213		-
Unrealized loss (gain) on biological assets	1,006		(268)
Gain (loss) on investment	-		(261)
	1,001		748
Change in non-cash operating working capital:			
Accounts and advances receivable	(1,030)		487
Prepaid expenses	(155)		218
Biological assets	428		(447)
Inventory	(2,778)		(2,071)
Accounts payable and accrued liabilities	(1,448)		1,547
Interest payable	-		(562)
Net cash flows used in operating activities	(3,982)		(80)
Net cash flows from operating activities of discontinued operations	(112)		(143)
	(4,094)		(223)
Cash flows from investing activities			
Net cash paid for acquisitions	-		(13)
Deposits paid	-		(27)
Investments in associates	(1,002)		(398)
Promissory notes received, net advanced	-		298
Purchase of property and equipment	(242)		(218)
	(1,244)		(358)
Cash flows from financing activities			
Options and warrants exercised for cash	3,868		90
Lease liability payments	(327)		(474)
Proceeds from issuance of common shares	25,750		-
Repayment of convertible debentures	(125)		(500)
Repayment of long-term debt	(5,949)		-
Due to related parties	(602)		-
Proceeds from loan	-		8
Share issuance cost	(1,556)		(21)
	21,059		(897)
Increase (decrease) in cash and cash equivalents	15,721		(1,478)
Cash and cash equivalents – beginning of period	625		1,969
Cash and cash equivalents – end of period	\$ 16,346	\$	491

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AVANT BRANDS INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended August 31, 2021 and 2020

(Unaudited, Tabular Amounts Expressed in Thousands of Canadian Dollars Except Share Amounts)

1 Nature and continuance of operations

Avant Brands Inc. (formerly GTEC Holdings Ltd.) (the “Company”) was originally incorporated under the Canada Business Corporations Act and continued under the British Columbia Business Corporations Act effective as of July 28, 2017 as a Capital Pool Company (“CPC”). On June 12, 2018, the Company completed its Qualifying Transaction and Business Combination with GreenTec Holdings Ltd. and 1155425 BC Ltd. and changed its name from Black Birch Capital Acquisition III Corp. to GTEC Holdings Ltd.

The Company’s principal business activity is pursuing opportunities in the cannabis industry. The Company is a publicly traded company listed on the Toronto Stock Exchange (“TSX”) under the symbol “AVNT” and trades on the OTCQX Best Markets (OTCQX: AVTBF) and Frankfurt Stock Exchange (FRA: 1BUP). The Company’s head office is located at Suite 335 – 1632 Dickson Avenue, Kelowna, British Columbia, V1Y 7T2.

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will be able to continue for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company has incurred losses since its inception and has an accumulated deficit of \$44,390,000 as at August 31, 2021, that has been funded primarily by issuance of equity, convertible debentures and advances from related parties. There is a material uncertainty related to these conditions that casts significant doubt about the Company’s ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company’s ability to continue as a going concern depends upon its ability to raise adequate financing and to generate profitable operations in the future.

In March 2020, the World Health Organization declared the outbreak of a novel strain of coronavirus (“COVID-19”), a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn.

The production and sale of cannabis have been recognized as essential services across Canada; however, COVID-19 related challenges have persisted, including, but not limited to, reduced staffing levels, production inefficiencies resulting from increased health and safety measures, and limited supply chain issues.

Due to the ongoing developments and uncertainty surrounding COVID-19, it is not possible to predict the continuing impact that COVID-19 will have on the Company, its financial position, and/or its operating results in the future. In addition, it is possible that estimates in the Company’s condensed interim consolidated financial statements will change in the near-term as a result of COVID-19, and the effect of any such changes could be material, which could result in, among other things, impairment of long-lived assets including intangible assets and goodwill. The Company is closely monitoring the impact of COVID-19 on all aspects of its business.

2 Basis of presentation

Statement of compliance and basis of measurement

The Company’s condensed interim consolidated financial statements have been prepared in accordance with IAS 34, “Interim Financial Reporting”. These condensed interim consolidated financial statements do not include all notes of the type normally included within the annual financial report and should be read in conjunction with the audited financial statements of the Company for the year ended November 30, 2020, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and Interpretations of the IFRS Interpretations Committee.

These condensed interim consolidated financial statements have been prepared on the going concern basis, under the historical cost convention except for certain financial instruments that are measured at fair value and biological assets that are measured at fair value less costs to sell, as detailed in the Company’s accounting policies.

The functional and presentation currency of the Company is the Canadian dollar.

These condensed interim consolidated financial statements of the Company were approved and authorized for issue by the Board of Directors of the Company on October 13, 2021.

AVANT BRANDS INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended August 31, 2021 and 2020

(Unaudited, Tabular Amounts Expressed in Thousands of Canadian Dollars Except Share Amounts)

Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and the following Canadian subsidiaries:

Subsidiaries	Percentage of ownership
Alberta Craft Cannabis Inc. ("ACC")	100%
GreenTec Bio-Pharmaceuticals Inc.	100%
GreenTec Retail Ventures Inc.	100%
Grey Bruce Farms Incorporated ("Grey Bruce")	100%
Spectre Labs Inc.	100%
Tumbleweed Farms Corp. ("Tumbleweed")	100%
Zenalytic Laboratories Ltd.	100%
1203648 B.C. Ltd. ("1203648")	100%

Subsidiaries are entities that the Company controls directly. Control is defined as the exposure, or rights, or variable returns from involvement with an investee and the ability to affect those returns through power over the investee. Power over an investee exists when the Company has existing rights and the ability to direct the activities that significantly affect the investee's returns. This control is generally evidenced through owning more than 50% of the voting rights or currently exercisable potential voting rights of a company's share capital. All inter-company balances and transactions, including unrealized profits and losses arising from intra-group transactions, have been eliminated upon consolidation. Where necessary, adjustments are made to the results of the subsidiaries and entities to bring their accounting policies in line with those used by the Company.

Significant accounting policies

These condensed interim consolidated financial statements have been prepared following the same accounting policies used in the preparation of the audited financial statements of the Company for the year ended November 30, 2020. For comparative purposes, the Company has reclassified certain immaterial items on the condensed interim consolidated statements of financial position and the condensed interim consolidated statements of loss and comprehensive loss to conform with the current period's presentation.

3 Adoption of new accounting pronouncements

A number of new standards and amendment to standards and interpretations, are not yet effective for the nine months ended August 31, 2021 and have not been applied in preparing the condensed interim consolidated financial statements. The new standards are either not applicable or are not expected to have a significant impact on the Company's condensed interim consolidated financial statements.

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Notes to the Condensed Interim Consolidated Financial Statements

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4 Acquisitions

1203648 B.C. Ltd. ("1203648")

On April 10, 2019, the Company executed a share purchase agreement with the shareholders of 1203648 whereby the Company acquired 100% of the issued and outstanding common shares of 1203648 in exchange for cash consideration of \$47,706 and the issuance of 3,438,333 common shares. Of the total shares issued, 1,719,167 common shares were held in escrow and were to be released upon the realization of a retail opportunity when 1203648 receives all government approvals necessary to purchase, possess, store and sell cannabis and cannabis products, enabling it to open and operate premises for the sale of cannabis and cannabis products.

The Company accounted for the purchase as an asset acquisition as 1203648 did not meet the definition of a business under IFRS 3, "Business Combinations". The fair value of the common shares not held in escrow was determined to be \$1,031,500. As 1203648 was a related party due to common control, the control of the assets acquired did not change. Therefore, the Company recorded the initial assets and liabilities at their book values of \$Nil and charged \$1,079,206 to deficit during the year ended November 30, 2019.

In accordance with IAS 37, only obligations arising from past events that exist independently of the entity's future actions are recognized as provisions. As a result, the Company did not ascribe a value to the 1,719,167 common shares issued and held in escrow in relation to this transaction, as the release from escrow is contingent on future events, and accordingly the Company did not record any contingent consideration related to the acquisition of 1203648. During the year ended November 30, 2020, the company cancelled the 1,719,167 shares held in escrow as the release terms were not met.

5 Accounts receivable

As of August 31, 2021 and November 30, 2020, accounts receivable consisted of:

	August 31, 2021		November 30, 2020	
Trade accounts receivable	\$	2,482	\$	1,497
Government assistance receivable (a)		601		566
Other receivables		14		4
	\$	3,097	\$	2,067

- a) During the nine months ended August 31, 2021, the Company applied for the Canada Emergency Wage Subsidy ("CEWS"). The Company recorded other income of \$1,479,577 (August 31, 2020: \$Nil) in relation to the CEWS, with \$45,241 (August 31, 2020: \$Nil) included in net income (loss) from discontinued operations. As at August 31, 2021, the Company had a balance receivable of \$601,324.

6 Biological assets

The Company measures biological assets consisting of cannabis plants at fair value less costs to sell up to the point of harvest, which becomes the basis for the cost of finished goods inventories after harvest.

The changes in the carrying value of biological assets for the nine months ended August 31, 2021 and the year ended November 30, 2020 are as follows:

	August 31, 2021		November 30, 2020	
Carrying amount, Opening	\$	1,884	\$	809
Production costs		6,086		6,727
Changes in fair value less costs to sell due to biological transformation		(951)		4,539
Transferred to inventory upon harvest		(5,105)		(10,191)
	\$	1,914	\$	1,884

The significant assumptions used to determine the fair value of the cannabis plants include:

- Expected yield;

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For the three and nine months ended August 31, 2021 and 2020

(Unaudited, Tabular Amounts Expressed in Thousands of Canadian Dollars Except Share Amounts)

- Wastage of plants;
- Duration of the production cycle;
- Percentage of costs incurred to date compared to the total costs expected to be incurred;
- Percentage of costs incurred for each stage of plant growth; and
- Market value less selling costs.

The Company's estimates are, by their nature, subject to change and differences from anticipated yield which will be reflected in the gain or loss on biological assets in future periods.

On average, the growth cycle is between 14 to 17 weeks and the Company expects average yield per plant to be between 45 to 82 grams of harvested flower and 10 to 41 grams of harvested trim. As at August 31, 2021, it is estimated that the Company's biological assets will yield approximately 994,733 grams of flower and 373,804 grams of trim when harvested.

The Company has determined the average fair value less cost to sell to be \$3.44 per gram to \$4.43 per gram of flower and \$0.25 per gram of trim. As of August 31, 2021, a change of 10% or less in the estimated yield per plant, growth cycle and selling price of dry cannabis would not result in a significant variance in the fair value of biological assets or inventory.

These inputs are level 3 on the fair value hierarchy and are subject to volatility in market prices and several uncontrollable factors, which could significantly affect the fair value of biological assets in future periods.

7 Inventory

The Company's inventories are comprised of the following balances as at August 31, 2021:

	Capitalized Cost	Fair Value Adjustment	Inventory Impairment	Carrying Value
Dry cannabis	\$	\$	\$	\$
Available for packaging	3,129	1,937	(95)	4,971
Packaged inventory	477	245	-	722
Trim	1,098	(817)	(118)	163
Packaging Materials	218	-	-	218
	\$ 4,922	\$ 1,365	\$ (213)	\$ 6,074

The Company's inventories are comprised of the following balances as at November 30, 2020:

	Capitalized Cost	Fair Value Adjustment	Inventory Impairment	Carrying Value
Dry cannabis	\$	\$	\$	\$
Available for packaging	1,045	1,010	-	2,055
Packaged inventory	1,220	1,552	-	2,772
Trim	572	(426)	-	146
	\$ 2,837	\$ 2,136	\$ -	\$ 4,973

As at August 31, 2021, the Company had dry cannabis with a carrying value of \$5,693,227 (November 30, 2020: \$4,826,794) and harvested trim with a carrying value of \$162,836 (November 30, 2020: \$146,327).

The Company holds 1,843,723 grams of harvested cannabis (November 30, 2020: 1,439,239), which is comprised of 1,192,380 grams of harvested flower and 651,343 grams of harvested trim.

During the nine months ended August 31, 2021, the Company recorded \$6,086,413 (August 31, 2020: \$3,454,917) of production costs. Included in the production costs for the nine months ended August 31, 2021 is \$455,092 (August 31, 2020: \$353,085) of amortization of property and equipment and right-of-use assets.

The Company's cost of sales on the condensed interim consolidated statement of comprehensive loss are reported net of fair value gain on sale of inventory of \$1,864,440 for the nine months ended August 31, 2021.

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Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended August 31, 2021 and 2020

(Unaudited, Tabular Amounts Expressed in Thousands of Canadian Dollars Except Share Amounts)

During the nine months ended August 31, 2021, the Company recorded an impairment of \$94,918 related to 32,328 grams of dry cannabis and \$117,705 related to 95,428 grams of trim, which has been included within cost of sales on the condensed interim consolidated statement of comprehensive loss. This impairment was recorded to reduce the carrying value of this obsolete inventory to \$Nil.

8 Assets held for sale

		August 31, 2021	November 30, 2020
Right-of-use asset (a)	\$	-	\$ 541
Zenalytic Laboratories Ltd. (b)		211	-
	\$	211	\$ 541

- a) Assets held for sale comprise of the Company's wholly owned subsidiary, 1203648. During the nine months ended August 31, 2021, the Company sold the assets of 1203648 for gross proceeds of \$500,000. The primary asset was a 4,000 square foot leased retail space, for which a right-of-use asset of \$514,938 and a lease liability of \$576,684 were recorded on the condensed interim consolidated statements of financial position. During the period ended August 31, 2021, a lease modification gain of \$61,748 was included within net loss from discontinued operations.
- b) During the nine months ended August 31, 2021, the Company decided to divest the assets of its wholly owned subsidiary, Zenalytic Laboratories Ltd. Accordingly, the assets have been classified as assets held for sale.

9 Property, plant and equipment

		Land	Buildings	Construction in-process	Growing & processing equipment	Other	Total
Cost							
Balance - November 30, 2019	\$	1,826	\$ 9,935	\$ 3,070	\$ 4,313	\$ 1,476	\$ 20,620
Additions		-	141	379	187	54	761
Disposals		(478)	(484)	-	(64)	(146)	(1,172)
Reclassification		-	(388)	(534)	922	-	-
Balance - November 30, 2020		1,348	9,204	2,915	5,358	1,384	20,209
Additions		-	-	110	126	6	242
Disposals		-	-	-	-	-	-
Reclassification to assets held for sale		-	-	-	(419)	(50)	(469)
Balance – August 31, 2021		1,348	9,204	3,025	5,065	1,340	19,982
Accumulated amortization							
Balance - November 30, 2019		-	(473)	-	(562)	(394)	(1,429)
Additions		-	(483)	-	(534)	(292)	(1,309)
Balance - November 30, 2020		-	(956)	-	(1,096)	(686)	(2,738)
Additions		-	(363)	-	(415)	(199)	(977)
Reclassification to assets held for sale		-	-	-	232	26	258
Balance – August 31, 2021		-	(1,319)	-	(1,279)	(859)	(3,457)
Net book value							
November 30, 2020	\$	1,348	\$ 8,248	\$ 2,915	\$ 4,262	\$ 698	\$ 17,471
August 31, 2021	\$	1,348	\$ 7,885	\$ 3,025	\$ 3,786	\$ 481	\$ 16,525

AVANT BRANDS INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended August 31, 2021 and 2020

(Unaudited, Tabular Amounts Expressed in Thousands of Canadian Dollars Except Share Amounts)

During the nine months ended August 31, 2021, the Company allocated \$455,092 (August 31, 2020: \$353,085) of amortization expense to cost of inventory.

10 Investment in associate

	August 31, 2021		November 30, 2020	
Opening balance	\$	2,666	\$	1,747
Cash advanced under shareholder loan		1,002		1,345
Equity loss on investment		(516)		(426)
	\$	3,152	\$	2,666

During the year ended November 30, 2018, the Company acquired 49% of the issued and outstanding common shares of 3PL Ventures Inc. ("3PL"). The Company paid \$49 cash and issued 1,225,490 common shares of the Company pursuant to a series of agreements related to the acquisition of the Company's interest in 3PL (together, the "Purchase Agreement") with its one other shareholder. The other shareholder of 3PL shall provide a maximum of up to \$9,000,000 in funding for 3PL through shareholder loans to finance the build out and equipping of the facility being constructed.

Pursuant to the Purchase Agreement, on April 23, 2019, the Company issued an additional 1,953,125 common shares to the other shareholder. The fair value of the common shares issued was determined to be \$1,250,000. In addition, the Company also has the option to purchase the remaining 51% interest from the other shareholder upon receipt of 3PL's sales license from Health Canada. On August 20, 2021, 3PL was issued the Standard Cultivation, Standard Processing and Medical Sales Licenses, in accordance with Health Canada's Cannabis Act and Regulations.

The Company committed to advance a shareholder loan of up to \$1,000,000 to fund the completion of the facility. As of August 31, 2021, the Company has advanced \$2,347,195 (November 30, 2020: \$1,345,000) to 3PL.

The following is a summary of the aggregate financial information for 3PL:

Statement of Financial Position as at	August 31, 2021		November 30, 2020	
Cash and cash equivalents	\$	139	\$	6
Other current assets		51		9
Property, plant and equipment		11,072		10,204
Right-of-use asset		852		1,201
Current liabilities		178		1,253
Non-current liabilities		14,276		12,690

Statement of loss and comprehensive loss for the period ended	August 31, 2021		August 31, 2020	
General and administrative expenses	\$	(1,052)	\$	(335)
Net loss and comprehensive loss		(1,052)		(335)

The Company records its investment in 3PL on the equity basis. 3PL has lease commitments over the next five years as follows:

Period ending:		
2021	\$	85
2022		662
2023		386
2024		-
2025 and thereafter		-
	\$	1,133

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(Unaudited, Tabular Amounts Expressed in Thousands of Canadian Dollars Except Share Amounts)

11 Gain on sale of assets and investments

		August 31, 2021	August 31, 2020
1203648 B.C. Ltd. (a)	\$	500	\$ -
Sale of GreenTec Retail SK Inc. (b)		-	261

- a) On February 11, 2021, the Company sold the assets of 1203648 for gross proceeds of \$500,000. The primary asset was a 4,000 square foot leased retail space, for which a right-of-use asset of \$514,938 and a lease liability of \$576,684 were recorded on the condensed interim consolidated statements of financial position. During the period ended August 31, 2021, a lease modification gain of \$61,748 was included within the condensed interim consolidated statements of comprehensive loss under net income from discontinued operations
- b) On November 29, 2019, the Company sold 100% of its interest in GreenTec Retail SK Inc. for total proceeds of \$365,000, of which \$66,700 was received in cash and \$298,300, was settled through the issuance of a promissory note receivable due on March 1, 2020. The Company recorded a gain of \$261,238 on the sale of GreenTec Retail SK Inc.

12 Right-of-use assets and Lease liability

Right-of-use Assets

The following is the continuity of the cost and accumulated depreciation of right-of-use assets, for the period ended August 31, 2021:

		2021
Recognition upon adoption of IFRS 16	\$	1,851
Reclassification to assets held for sale		(700)
Depreciation expense for the year		(325)
Balance – November 30, 2020		826
Lease modification – change in lease terms		(34)
Depreciation expense for the period		(216)
Balance – August 31, 2021	\$	577

Right-of-use Assets – Assets held for sale

		2021
Reclassification to assets held for sale	\$	700
Depreciation expense for the year		(159)
Balance – November 30, 2020		541
Depreciation expense for the period		(27)
Lease modification – sale of leased assets		(514)
Balance – August 31, 2021	\$	-

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Lease liability

The following is the continuity of lease liability, for the period ended August 31, 2021:

		2021
Recognition upon adoption of IFRS 16	\$	1,851
Reclassification to assets held for sale		(700)
Lease payments		(418)
Interest expense on lease liability		183
Balance – November 30, 2020		916
Lease payments		(292)
Lease modification – change in lease terms		(34)
Interest expense on lease liability		104
Balance – August 31, 2021	\$	694
Current portion	\$	307
Long-term portion	\$	387

The Company recognized right-of-use assets and a corresponding lease liability upon the adoption of IFRS 16 related to its facility premises and corporate office. Amortization on the right-of-use asset is calculated over the term of the lease. Interest expense of \$103,722 (August 31, 2020: \$228,611) is included in financing costs and payments are applied against the lease liability.

Lease liability – Assets held for sale

		2021
Reclassification to assets held for sale	\$	700
Lease payments		(218)
Interest expense on lease liability		114
Balance – November 30, 2020		596
Lease payments		(35)
Interest expense on lease liability		15
Lease modification – sale of leased assets		(514)
Lease modification – gain on lease modification		(62)
Balance – August 31, 2021	\$	-

As at August 31, 2021, the minimum lease payments for the lease liabilities are as follows:

Period ending:		
2021	\$	100
2022		403
2023		286
2024		40
	\$	829
Less: Interest expense on lease liabilities	\$	(135)
Total present value of minimum lease payments	\$	694

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13 Convertible notes

The Company's convertible debentures outstanding balance consists of:

	August 31, 2021	November 30, 2020
Principal amount	\$ 1,990	\$ 7,500
Liability amount, beginning of period	1,868	7,168
Principal and interest payments	(169)	(6,050)
Conversion of debt to common shares	(1,780)	-
Transaction costs and other	-	(231)
Interest and accretion expense	81	981
Carrying value, end of period	\$ -	\$ 1,868
Equity portion, beginning of period	555	709
Reallocation of equity portion upon maturity or settlement	(555)	(436)
Loss on modification recorded in contributed surplus	-	282
Equity portion, end of period	\$ -	\$ 555
Short-term portion	\$ -	\$ 276
Long-term portion	\$ -	\$ 1,592

- a) On October 17, 2018, the Company issued convertible debentures to Invictus MD Strategies Corp. ("Invictus") for gross proceeds of \$2,000,000 under the following terms: (i) a maturity date of October 17, 2020; (ii) an interest rate of 8% per annum, payable monthly; and (iii) convertible at \$1.50 per share, subject to adjustment in certain events, at the option of the holder.

On December 3, 2018, the Company issued additional convertible debentures to Invictus for gross proceeds of \$500,000 under the following terms: (i) a maturity date of October 17, 2020; (ii) an interest rate of 8% per annum, payable monthly; and (iii) convertible at \$1.50 per share, subject to adjustment in certain events, at the option of the holder.

On October 30, 2020, the Company amended the terms of its unsecured convertible debentures with Invictus, which were to mature on October 17, 2020 (the "Amended Agreement"). Under the Amended Agreement, the principal terms of the convertible debentures were amended as follows: (i) principal repayment of \$510,000 due on October 30, 2020; (ii) annual interest rate to increase from 8% to 10% on the remaining principal balance of \$1,990,000; (iii) maturity date extended to February 28, 2022, with certain months being interest-only payments and others being principal plus interest, such that the balance will have been fully repaid upon the maturity date; and (iv) price of conversion from \$1.50 to (a) \$0.35 per share on the first \$250,000 of the outstanding principal balance and (b) \$0.55 per share on the remaining principal balance outstanding at the time of conversion. The convertible debenture remained unsecured and pursuant to the Amended Agreement, the Company paid \$65,000 in transaction costs. The Company recorded a gain on debt modification of \$164,911 which was offset by a loss on debt modification of \$282,468 resulting from additional shares issuable upon conversion which was recorded to the consolidated statement of comprehensive loss and allocated to contributed surplus.

During the nine months ended August 31, 2021, Invictus converted \$1,990,000 of the outstanding principal balance at a conversion price of \$0.35 for the first \$250,000 and \$0.55 for the remainder balance. The Company issued 3,650,646 common shares.

- b) On June 11, 2018, the Company issued 5,000 convertible debenture units at a price of \$1,000 per unit for gross proceeds of \$5,000,000 under the following terms: (i) a maturity date of June 10, 2020; (ii) an interest rate of 8% per annum, payable semi-annually; and (iii) convertible at \$1.50 per share, subject to adjustment in certain events, at the option of the holder. Each unit consists of \$1,000 principal amount of convertible debentures and 222 warrants to purchase common shares of the Company at a price of \$2.50 for a period of two years from the closing of the offering. In connection with the transaction, the Company incurred issuance costs of \$296,248 and issued 166,666 broker warrants exercisable for one common share of the Company at a price of \$1.50 for a period of two years from the earlier of: (a) the completion

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of the Qualifying Transaction and (b) the date that the shares become listed for trading on a recognized stock exchange. The fair value of the broker warrants was \$57,300, using the Black-Scholes option-pricing model.

During the year ended November 30, 2020, the Company fully repaid its \$5,000,000 convertible debenture to MMCAP Canadian Fund LP. On December 11, 2019 and on March 6, 2020, the Company made early payments towards the principal balance in the amounts of \$800,000 and \$500,000. On June 8, 2020, the remaining principal balance and interest in the amount of \$3,838,736 was paid through the transfer of funds from a non-brokered senior secured debt financing of \$3,950,000 with NFS Leasing Canada Ltd. Refer to Note 18 for further details.

Accounting treatment

For accounting purposes, the above noted convertible debentures were separated into their liability and equity components using the residual method. The fair value of the liability component at the time of issue was determined based on an estimated rate of 18.50% for debentures without the conversion feature. The fair value of the equity component was determined as the difference between the face value of the convertible debentures and the fair value of the liability component. After initial recognition, the liability component is carried on an amortized cost basis and will be accreted to its face value over the term to maturity of the convertible debentures at effective rates noted above. The Company also recorded a deferred income tax liability that was recognized in equity relating to the difference between the Company's accounting and tax basis.

During the nine months ended August 31, 2021, the Company incurred interest and accretion expense of \$80,558 (August 31, 2020: \$795,319) on the convertible debentures, which has been recorded within interest and accretion on the condensed interim consolidated statement of comprehensive loss.

14 Long term debt

	Maturity date		Total August 31, 2021	Total November 30, 2020
	July 1, 2023 (a)	November 1, 2023 (b)		
Principal	\$ 3,950	\$ 2,300	\$ 6,250	\$ 6,250
Transaction costs	(610)	(864)	(1,474)	(1,474)
Principal and interest payments	(850)	(153)	(1,003)	(577)
Interest and accretion expense	822	331	1,153	512
Total before loan repayment	3,312	1,614	4,926	4,711
Loss on extinguishment of loan	336	688	1,024	-
Interest (break-up fee)	164	215	379	-
Legal fees	3	3	6	-
Repayment of loan	(3,815)	(2,520)	(6,335)	-
Total	\$ -	\$ -	\$ -	\$ 4,711
Short-term portion	\$ -	\$ -	\$ -	\$ 1,686
Long-term portion	\$ -	\$ -	\$ -	\$ 3,025

- a) On June 8, 2020, the Company closed a non-brokered senior secured debt financing of \$3,950,000 with NFS Leasing Canada Ltd (the "Loan"). Proceeds from the financing were used to repay MMCAP Canadian Fund LP, the existing senior secured convertible debenture. The Loan bears an annual interest rate of 18%. In connection with the Loan, the Company issued 2,135,135 common shares, which are subject to a three-year release schedule, with 355,856 shares being released each six-month period. No other broker fees or broker warrants were issued in connection with the Loan.

On October 16, 2020, the Company made an early principal repayment of \$301,698, reducing the principal balance to \$3,648,302.

On April 9, 2021 the Company made an early principal repayment of \$3,648,302, reducing the principal balance to \$Nil. In connection with the repayment of the full outstanding principal balance, the Company paid \$164,173, as part of the terms of the agreement, upon an early repayment.

- b) On October 30, 2020, the Company closed a non-brokered senior secured debt financing with NFS Leasing Canada Ltd. in the amount of \$2,300,000 (the "Loan"). The Loan bears an annual interest rate of 16%. In connection with the Loan,

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the Company issued 2,421,052 common shares of which will be subject to a three-year release schedule, with 403,508 shares being released each six-month period. In addition, the Company issued 6,900,000 common share purchase warrants with a value of \$409,000. The warrants have an expiration date of three years from the date of issuance. The exercise price of the warrants is as follows: (i) 2,300,000 warrants at an exercise price of \$0.10; (ii) 2,300,000 warrants at an exercise price of \$0.15; and (iii) 2,300,000 warrants at an exercise price of \$0.25. No other broker fees or brokers warrants were issued in connection with the Loan.

On April 9, 2021 the Company made an early principal repayment of \$2,300,000, reducing the principal balance to \$Nil. In connection with the repayment of the full outstanding principal balance, the Company paid \$214,666, as part of the terms of the agreement, upon an early repayment.

During the nine months ended August 31, 2021, the Company incurred interest and accretion expense of \$641,162 (August 31, 2020: \$154,815) on the Loans, which has been recorded within interest and accretion on the condensed interim consolidated statements of comprehensive loss.

During the nine months ended August 31, 2021, the Company recorded a loss on extinguishment of the loan in the amount of \$1,023,435 (August 31, 2020: \$Nil) to recognize the accelerated accretion of previously capitalized loan transaction costs.

15 Share capital

The Company has an unlimited number of voting and non-voting common shares without par value authorized for issuance. The Company also has an unlimited number of non-voting redeemable preference shares with varying par values authorized for issuance.

(a) Issued shares

During the nine months ended August 31, 2021:

- The Company issued 13,750,000 units (each a "Unit") at a price of \$0.20 per Unit for gross proceeds of \$2,750,000. Each Unit issued consists of one common share and one half of one share purchase warrant entitling the holder to purchase one additional common share of the Company at \$0.30 for a period of three years from the closing.
- The Company issued 28,750,000 units (each a "Unit") at a price of \$0.80 per Unit for gross proceeds of \$23,000,000. Each Unit issued consists of one common share and one share purchase warrant entitling the holder to purchase one additional common share of the Company at \$1.04 for a period of three years from the closing. Of the total proceeds, \$1,150,000 has been allocated to contributed surplus to reflect the fair value of share purchase warrants issued.
- The Company issued 795,454 common shares with a fair value of \$437,500 pursuant to an amending agreement with the vendors of Grey Bruce in connection with achieving certain milestones. See Note 24 for further details.
- The Company issued 9,622,091 common shares pursuant to the exercise of warrants for gross proceeds of \$3,870,700.
- The Company issued 2,300,500 common shares pursuant to the exercise of stock options for gross proceeds of \$1,318,841.
- The Company issued 3,650,646 common shares pursuant to the conversion of the Invictus Convertible Note. See Note 16 for further details. The Company also reallocated \$556,149 from contributed surplus in connection with the full conversion of the note.

During the nine months ended August 31, 2020:

- The Company issued 7,500,000 common shares with a fair value of \$1,012,500 pursuant to an amending agreement with the vendors of Tumbleweed amending certain terms and conditions of the definitive share purchase agreement dated August 12, 2017.
- The Company issued 2,135,135 common shares valued at \$395,000 in connection with the senior secured debt financing entered into on June 8, 2020.
- The Company issued 1,900,000 common shares with a fair value of \$294,500 pursuant to an agreement with a consulting firm to facilitate the acquisition and cultivation of cannabis genetics, of which 1,628,571 common shares

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are held in escrow and will be released contingent upon the occurrence of future events. As at August 31, 2021, 1,357,142 common shares remained in escrow.

- The Company issued 300,000 common shares pursuant to the exercise of stock options for gross proceeds of \$90,000.
- The Company issued 954,545 common shares valued at \$525,000 pursuant to an amending agreement with the vendors of Grey Bruce in connection with achieving certain milestones. The Company also reallocated \$1,080,000 from contributed surplus to equity representing the amending agreement.
- The Company issued 546,853 common shares valued at \$74,635 in connection with an agreement for services provided.
- The Company cancelled 1,719,167 common shares pursuant to the terms of an escrow agreement entered into on the closing of the acquisition of 1203648 B.C. Ltd.

(b) Escrow shares

As at August 31, 2021 there were 4,038,745 common shares held in escrow. The following is a summary of escrow shares to be released:

Escrow release date	Escrow shares to be released (000's)	Balance (000's)
October 31, 2021	404	3,635
December 8, 2021	356	3,279
April 30, 2022	404	2,875
June 8, 2022	356	2,519
October 30, 2022	404	2,115
December 8, 2022	356	1,759
April 30, 2023	404	1,355

Of the common shares held in escrow summarized in the table above, as at August 31, 2021 there were:

- 1,357,142 common shares held in escrow pursuant to an agreement with a consulting firm to facilitate the acquisition and cultivation of cannabis genetics, which will be released contingent upon the occurrence of future events.
- 1,067,567 common shares held in escrow pursuant to the debt financing described in Note 17, which are subject to a three-year release schedule, with 355,856 shares being released each six-month period.
- 1,614,036 common shares held in escrow pursuant to the debt financing described in Note 17, which are subject to a three-year release schedule, with 403,508 shares being released each six-month period.

(c) Share purchase warrants

Warrant transactions are summarized as follows:

		Weighted average
Balance – November 30, 2019	38,552	\$ 1.24
Granted	6,900	0.17
Expired	(16,153)	1.54
Balance – November 30, 2020	29,299	0.83
Granted	36,919	0.90
Exercised	(9,622)	0.56
Expired	(19,780)	1.20
Balance – August 31, 2021	36,816	\$ 0.90

The weighted average outstanding life of warrants outstanding as at August 31, 2021 is 2.56 years.

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At August 31, 2021 the following share purchase warrants were outstanding:

Number of share purchase warrants (000's)	Exercise price per share	Expiry date
6,772	\$ 0.30	March 8, 2024
1,294	\$ 0.80	March 30, 2024
28,750	\$ 1.04	March 30, 2024
36,816		

16 Stock-based compensation

The Company provides stock-based compensation to its directors, officers, employees, and consultants through grants of stock options.

(a) Stock options

The Company has adopted a stock option plan (the "Plan") to grant options to directors, officers, employees and consultants. Under the Plan, the Company may grant options that shall not exceed 10% of the total number of issued common shares of the Company (calculated on a non-diluted basis) at the time an option is granted. Options granted can have a term of up to ten years and an exercise price typically not less than the Company's closing stock price on the TSX on the last trading day before the date of grant. Vesting is determined at the discretion of the Board of Directors.

Stock option transactions are summarized as follows:

	Number of shares (000's)	Weighted average exercise price
Balance – November 30, 2019	12,048	\$ 0.55
Granted	710	0.29
Expired/cancelled	(2,898)	0.37
Exercised	(300)	0.50
Balance – November 30, 2020	9,560	0.56
Granted	1,140	0.38
Expired/cancelled	(4,217)	0.72
Exercised	(2,301)	0.36
Balance – August 31, 2021	4,182	\$ 0.46

The weighted average outstanding life of stock options outstanding as at August 31, 2021 is 1.94 years.

At August 31, 2021, the following stock options were outstanding:

Number of shares (000's)	Vested (000's)	Exercise price per share	Expiry date
645	645	\$0.30 – \$1.07	Jan-Dec 2021
850	850	\$0.14 – \$0.70	Jan-Dec 2022
300	250	\$0.30 – \$0.78	Jan-Dec 2023
2,387	1,937	\$0.30 – \$0.78	Jan-Dec 2024
4,182	3,682		

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(b) Share based payments

During the nine months ended August 31, 2021, the Company recognized share based payment expense of \$150,290 (August 31, 2020: \$456,345) that was recorded in the condensed interim consolidated statements of comprehensive loss. The share based payments represent the fair value of stock options granted or vested during the period ended August 31, 2021 and are estimated on the grant date using the Black-Scholes option pricing model. The share based payments also consist of common shares issued for services during the year. In addition, stock options granted to consultants for services to be provided over a period of time are recorded as prepaid expenses until the service period has lapsed. The weighted average assumptions used in calculating the fair values of stock options granted are as follows:

	2021	2020
Share price	\$0.135 - \$0.80	\$0.14 - \$0.69
Exercise price	\$0.135 - \$0.78	\$0.16 - \$0.69
Risk-free interest rate	0.50%	2.16%
Expected life	1-5 Years	2-5 Years
Volatility	114%	120%
Dividend rate	0%	0%
Forfeiture rate	0%	0%

17 Related party transactions

Key management compensation

All transactions with related parties have occurred in the normal course of operations. Key management is comprised of directors and executive officers.

Key management compensation for the nine months ended August 31, 2021 and 2020 consists of the following:

	August 31, 2021	August 31, 2020
Salaries and wages	\$ 500	\$ 502
Director fees	157	30
Share-based payments	74	-
	\$ 731	\$ 532

Related party balances

As at August 31, 2021, accounts payable included \$Nil (November 30, 2020: \$46,831) which was due to the Company's Vice President and Director, Mr. Michael Blady ("Mr. Blady") in connection with management services and advances made to the Company.

As at August 31, 2021, accounts payable included \$44,384 (November 30, 2020: \$60,000) which was due to directors of the Company in connection with directors' fees.

As at August 31, 2021, \$Nil (November 30, 2020: \$213,646) was due to the Company's Vice President and Director, Mr. Blady, for advances made to the Company during the year.

As at August 31, 2021, \$Nil (November 30, 2020: \$387,942) was due to the Company's Chief Executive Officer, Mr. Norton Singhavon ("Mr. Singhavon") for advances made to the Company during the year. The amount was unsecured, non-interest bearing and due on demand.

Related party transactions

During the period ended November 30, 2017, GreenTec Holdings Ltd. entered into share purchase agreements to purchase 100% interest in Grey Bruce Farms Incorporated ("Grey Bruce"), 1118157 B.C. Ltd. ("1118 BC"), Zenalytic Laboratories Ltd. ("Zenalytic") and GreenTec Bio-Pharmaceuticals Inc. ("Bio-Pharma"). Each one of these entities was under common control with Mr. Singhavon and/or Mr. Blady. Certain milestones within these agreements remain outstanding and are disclosed under Note 21.

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18 Financial instruments

a) Financial instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, investments, promissory notes receivable, deposits, due from associate, accounts payable, convertible notes, long-term debt, due to related parties and lease liabilities. The Company is exposed to certain financial risks, including credit risk, liquidity risk and market risk.

i) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash. At present, the Company holds its cash in Canadian rated financial institutions and will only consider investment of excess cash in highly rated government and corporate debt securities or guaranteed certificates from Canadian chartered banks. The Company has established guidelines, including diversification, credit ratings and maturities, to ensure safety and liquidity of its cash.

As at August 31, 2021, the Company's exposure is the carrying value of the financial instruments. The Company's maximum exposure to credit risk is the carrying value of its financial assets.

ii) Currency risk

The Company operates primarily in Canadian dollars and as such is not affected by the fluctuations of the Canadian dollar with other currencies.

iii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. To the extent that the Company does not believe it has sufficient liquidity to meet its current obligations, the Board of Directors considers securing additional funds through issuances of equity and debt or partnering transactions. The Board of Directors approves any material transactions outside the ordinary course of business. Management regularly reviews the Company's operating and capital budgets and maintains short-term cash flow forecasts.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable.

iv) Maturity risk

1. The Company's cash and cash equivalents balance at August 31, 2021 was in the amount of \$16,346,427. At August 31, 2021, the Company had accounts receivable of \$3,096,257, accounts payable and accrued liabilities of \$1,041,861, current lease liabilities of \$307,450 and long term lease liabilities of \$387,316. All accounts payable and accrued liabilities are current.
2. As at August 31, 2021, the Company did not have derivative financial liabilities with contractual maturities.
3. Management of liquidity risk: Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses and commitments for a period of 90 days. To achieve this objective, the Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary.

The following table summarizes the maturities of the Company's financial liabilities as at August 31, 2021 based on the undiscounted contractual cash flows:

	Carrying value	Principal amount	Less than 1 year	1 – 5 years
Accounts payable	\$ 1,040	\$ 1,040	\$ 1,040	-
Due to related parties	-	-	-	-
Lease liabilities	694	827	402	427
Long term debt	-	-	-	-
	\$ 1,734	\$ 1,867	\$ 1,442	\$ 427

b) Interest rate risk

Current financial assets and financial liabilities are generally not exposed to interest rate risk because of their short-term nature and maturity. The Company's amounts due to related parties are non-interest bearing.

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Sensitivity analysis has not been presented as the Company currently has no significant exposure in its operations to interest rate or currency exchange rate fluctuations as the Company's interest-bearing liabilities have fixed interest rate.

c) Fair value classification of financial instruments

Fair value measurement is based on a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value which are:

Level 1 — measurement based on quoted prices (unadjusted) observed in active markets for identical assets and liabilities.

Level 2 — measurement based on inputs other than quoted prices included in Level 1, that are observable for the asset and liability.

Level 3 — measurement based on inputs that are not observable (supported by little or no market activity) for the asset or liability.

As at August 31, 2021, the Company had Level 1 financial instruments, consisting of cash and cash equivalents, with a fair value of \$16,346,427 (November 30, 2020: \$625,007).

19 Capital management

The Company's capital structure consists of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through advances from related parties. Future financings are dependent on the willingness of the related parties to advance funds to the Company and market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company is not subject to externally imposed capital requirements. The Company may raise additional debt or equity financing in the near future to meet its obligations.

20 Supplemental cash flow information

	August 31, 2021	August 31, 2020
Interest paid	\$ 469	\$ 297

21 Commitments and contingencies

From time to time, the Company is engaged in various legal proceedings and claims that have arisen in the normal course of business. The outcome of all the proceedings and claims against the Company is subject to future resolution, including the uncertainties of litigation. Management believes that the probable ultimate resolution of any such proceedings and claims, individually or in the aggregate, will not have a material adverse effect on the financial condition of the Company.

Additionally, the Company may enter into contracts for services in the normal course of operations. The Company's current contractual commitments vary in terms and can be terminated upon sufficient notice. The Company has the following outstanding commitments based on achieving certain milestones.

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Grey Bruce

During the year ended November 30, 2020, the Company entered into an amending agreement dated March 13, 2020, amending certain terms and conditions of the definitive share purchase agreement, dated September 15, 2017, which have been replaced by the following achievement of certain milestones.

Trigger event	
Upon Grey Bruce's first harvest having passed quality assurance and quality control tests as set out by Health Canada (Completed)	\$ 105
Upon Grey Bruce's second harvest having passed quality assurance and quality control tests as set out by Health Canada (Completed)	105
Upon Grey Bruce's third harvest having passed quality assurance and quality control tests as set out by Health Canada (Completed)	105
Upon Grey Bruce's fourth harvest having passed quality assurance and quality control tests as set out by Health Canada (Completed)	105
Upon Grey Bruce's fifth harvest having passed quality assurance and quality control tests as set out by Health Canada, but no earlier than June 30, 2020 (Completed)	105
Upon Grey Bruce obtaining either a sales license (medical) or a processing license (standard), but no earlier than December 31, 2020 (Completed)	438
Upon Grey Bruce having sold 1,500 kg of dry cannabis	1,000
	\$ 1,963

In addition to the above, the amending agreement raised the floor price of the common shares in the capital of the Company to be issued to the vendors of Grey Bruce Farms (excluding Mr. Singhavon).

The number of common shares issuable upon the occurrence of future events are to be based on the greater of (A) the then ten-day volume-weighted average trading price of the Company's common share and (B) the last commercial financing undertaken by the Company, currently \$0.80 per common share of the Company. Mr. Singhavon has also agreed to raise the floor price of the Common Shares to be issued in connection with the Cannabis Sales Milestone to a deemed price per share equal to the greater of (A) the 10-day volume-weighted average trading price of the Common Shares, and (B) \$1.00. In consideration for entering into the Amending agreement the Company has agreed to pay the vendors a one-time cash payment of \$25,010 of which Mr. Singhavon will receive \$10.

During the year ended November 30, 2020, Grey Bruce completed five harvests that have passed quality assurance and quality control tests as set out by Health Canada, thereby triggering the contingent consideration which became payable. The Company has issued 954,545 common shares valued at \$136,500 in satisfaction with the above mentioned five harvests.

Additionally, during the nine months ended August 31, 2021, the company issued 795,454 common shares in connection with the achievement of certain milestones.

Further, the Company intends to issue the Company's Chief Executive Officer and Director, Mr. Singhavon such number of common shares equivalent to a value of \$1,000,000, upon the sale of 1,500 kg of dry cannabis, in lieu of the original entitlement of \$1,787,500. This reduces the amount owing as Mr. Singhavon was owed approximately 65% of the remaining contingent consideration.

In connection with the achievement of certain milestones under the original agreement, the Company paid \$250,000 to the vendors of Grey Bruce on May 6, 2019, and also issued 2,222,222 common shares valued \$1,000,000 on July 8, 2019.

AVANT BRANDS INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended August 31, 2021 and 2020

(Unaudited, Tabular Amounts Expressed in Thousands of Canadian Dollars Except Share Amounts)

GreenTec Bio-Pharmaceuticals Inc. ("GBP")

As at August 31, 2021, the Company has committed to issue common shares valued at \$2,500,000 contingent on future events as follows:

Trigger event	
Completion of GBP construction of a Health Canada approved cannabis production facility in compliance with the CA&R	\$ 500
GBP obtaining a license to sell cannabis under the CA&R	500
GBP having sold an aggregate of 3,000 kg of dried cannabis	750
GBP completing construction of an expansion to its production facility to increase production by at least 8,500 kg per annum and receiving an amendment to its production and sales licences	750
	\$ 2,500

On March 13, 2020, the Company entered into an amending agreement with the vendors of GBP amending certain terms and conditions of the definitive share purchase agreement, dated November 15, 2017.

The vendors of GBP agreed to reduce their entitlement to a portion of the purchase price such that the remaining payment obligations of the Company in connection with the acquisition of GBP are reduced by \$5,750,000. In addition to reducing the milestone payments, the vendors of GBP agreed to restructure the remaining milestones, as shown in the above table and raise the floor price of the Common Shares to be issued in connection with the new milestones to a deemed price per share equal to the greater of (A) the 10-day volume-weighted average trading price of the Company's common shares, and (B) \$1.00. Of the \$5,750,000 reduction to the Company's payment obligations, \$5,615,000 of the remaining milestone payments was waived by Mr. Singhavon.

22 Subsequent Events

- i.) On September 20, 2021, the Company sold 100% of the issued and outstanding shares its wholly owned subsidiary, Zenalytic Laboratories Ltd. for gross proceeds of \$300,000. Of the total gross proceeds, \$50,000 was received in cash and \$250,000 was received in the form of common shares of Lexston Life Sciences Corp.