AVANT

October 12, 2022

Condensed Interim Consolidated Financial Statements

(Audited - Expressed in Canadian dollars)

Three and Nine Months Ending August 31, 2022

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AVANT BRANDS INC.

Condensed Interim Consolidated Statements of Financial Position

As at August 31, 2022 and November 30, 2021

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

	Note		August 31, 2022		November 30, 2021
Assets					
Current assets					
Cash and cash equivalents		**$**	**8,514**	$	14,313
Accounts receivable	4		**2,764**		2,348
Prepaid expenses	5		**848**		1,210
Biological assets	6		**4,403**		1,948
Inventory	7		**12,864**		6,171
Marketable securities			**19**		176
			29,412		26,166
Property, plant and equipment	9,11		**29,098**		17,069
Goodwill	8,11		**9,130**		182
Intangible assets	8,11		**3,094**		3,202
Investment in associate	10		**-**		3,951
Total assets		**$**	**70,734**	$	50,570
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	15	**$**	**1,955**	$	2,073
Lease liabilities	13		**506**		322
			2,461		2,395
Amount due to non-controlling interests	11		**11,989**		-
Lease liabilities	13		**2,136**		301
Total liabilities			**16,586**		2,696
Shareholders’ equity					
Share capital	14		**94,256**		92,744
Contributed surplus	14		**8,747**		6,877
Accumulated deficit			**(54,200)**		(51,747)
Equity attributable to equity holders of the parent			**48,803**		47,874
Non-controlling interests	12		**5,345**		-
Total shareholders’ equity			**54,148**		47,874
Total liabilities and shareholders’ equity		**$**	**70,734**	$	50,570

Nature and continuance of operations (Note 1)

Commitments and contingencies (Note 20)

Approved on behalf of the Board on October 12, 2022:

/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 Income (Loss)

For the three-month and nine-month periods ended August 31, 2022 and August 31, 2021

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

	Note	Three months ended August 31		Nine months ended August	
		2022	2021	**2022**	**2021**
Revenue		**$ 4,697**	$ 3,101	**$ 13,767**	8,234
Excise taxes		**(741)**	(371)	**(1,540)**	(1,076)
Net revenue	16	**3,956**	2,730	**12,227**	7,158
Cost of sales		**2,475**	1,635	**8,857**	4,291
Gross margin before fair value changes		**1,481**	1,095	**3,370**	2,867
Unrealized gain on changes in fair value of biological assets		**1,982**	1,050	**3,348**	858
Change in fair value of biological assets realized through inventory sold		**(1,508)**	(3,351)	**(3,218)**	(1,864)
Gross margin (loss)		**1,955**	(1,206)	**3,500**	1,861
Operating expenses					
Administration and general		**248**	87	**505**	212
Business fees and licenses		**217**	443	**650**	774
Consulting fees		**172**	77	**464**	258
Depreciation and amortization	8,9	**421**	227	**1,262**	714
Marketing and advertising		**103**	112	**379**	340
Professional fees		**375**	302	**1,132**	786
Salaries and wages		**517**	466	**1,622**	1,291
Share based payments	15	**340**	25	**3,339**	150
Travel		**43**	26	**151**	62
		2,436	1,765	**9,504**	4,587
Net loss from operations		**(481)**	(2,971)	**(6,004)**	(2,726)
Other income (expense)					
Canadian emergency wage subsidy		**-**	581	**-**	1,480
Financing costs		**(8)**	(16)	**(31)**	(71)
Equity income (loss) on investment in associate	10	**-**	(240)	**1,233**	(516)
Fair value gain on acquisition	11	**2,715**	-	**2,715**	-
Non-refundable deposit		**-**	-	**-**	25
Gain on the sale of assets		**-**	-	**6**	500
Gain on legal settlement		**-**	-	**130**	-
Gain (loss) on marketable securities		**5**	-	**(157)**	-
Loss on extinguishment of debt		**-**	-	**-**	(1,024)
Interest and accretion		**-**	-	**-**	(1,103)
Net income (loss) from continuing operations		**2,231**	(2,646)	**(2,108)**	(3,435)
Net loss from discontinued operations		**-**	(42)	**-**	(112)
Net income (loss) and comprehensive income (loss)		**$ 2,231**	$ (2,688)	**(2,108)**	$ (3,547)
Attributable to:					
Equity holders of the parent		**1,886**	(2,688)	**(2,453)**	(3,547)
Non-controlling interests		**345**	-	**345**	-
Income (loss) per common share	14				
Basic		**$** 0.01	$ (0.01)	**$** (0.02)	$ (0.02)
Diluted		0.01	(0.01)	(0.02)	(0.02)
Weighted average shares outstanding					
Basic		**204,810,558**	199,483,489	**201,221,147**	199,476,057
Diluted		**211,237,107**	199,483,489	**201,221,147**	199,476,057

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-month periods ended August 31, 2022 and August 31, 2021

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

	Attributable to equity holders of the Company						
	Shares	Share capital	Subscriptions received	Contributed Surplus	Deficit	Equity – NCI	Total
Balance at November 30, 2021	**199,591,886**	**$ 92,744**	**$ -**	**$ 6,877**	**$ (51,747)**	**$ -**	**$ 47,874**
Net loss for the period attributable to equity holders of the parent	-	-	-	-	(2,453)	-	(2,453)
Net income for the period attributable to non-controlling interests	-	-	-	-	-	345	345
3PL acquisition – recognition of NCI fair value	-	-	-	-	-	5,000	5,000
Shares issued for contingent consideration for acquisitions	1,000,000	280	-	(280)	-	-	-
Share units released	1,510,995	425	-	(709)	-	-	(284)
Shares issued for services	3,008,807	807	-	(22)	-	-	785
Share-based compensation	-	-	-	2,881	-	-	2,881
Balance at August 31, 2022	**205,111,688**	**$ 94,256**	**$ -**	**$ 8,747**	**$ (54,200)**	**$ 5,345**	**$ 54,148**
Balance at November 30, 2020	**140,723,195**	**$ 62,214**	**$ 85**	**$ 6,526**	**$ (40,405)**	**$ -**	**$ 28,420**
Net loss for the period	-	-	-	-	(3,547)	-	(3,547)
Units issued from financing	42,500,000	24,600	-	1,150	-	-	25,750
Share issuance cost		(2,216)		660	-		(1,556)
Shares issued for contingent consideration for acquisitions	795,454	438	-	-	(438)	-	-
Share-based compensation	-	-	-	150	-	-	150
Exercise of warrants	9,622,091	3,871	-	(785)	-	-	3,086
Exercise of stock options	2,300,500	1,319	(85)	(452)	-	-	782
Shares issued for debt settlement	3,650,646	2,336	-	(556)	-	-	1,780
Balance at August 31, 2021	**199,591,886**	**$ 92,562**	**$ -**	**$ 6,693**	**$ (44,390)**	**$ -**	**$ 54,865**

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-month periods ended August 31, 2022 and August 31, 2021

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

	August 31, 2022	August 31, 2021
Cash flows used in operating activities		
Net loss from continuing operations	$ (2,108)	$ (3,435)
Items not affecting cash:		
Accretion expense	-	251
Depreciation and amortization	2,832	1,217
Equity (income) loss on investment in associate	(1,233)	516
Financing costs	166	121
(Gain) loss on the sale of assets	(6)	-
Loss on extinguishment of debt	-	1,024
Gain on lease modification	-	(62)
Share-based payments	3,339	150
Impairment of inventory	-	213
Unrealized gain on changes in fair value of biological assets	(3,348)	(858)
Change in fair value of biological assets realized through inventory sold	3,218	1,864
Fair value gain on acquisition	(2,715)	-
Loss on marketable securities	157	-
	302	1,001
Change in non-cash operating working capital:		
Accounts receivable	(803)	(1,030)
Prepaid expenses	584	(155)
Biological assets	(456)	428
Inventory	(4,003)	(2,778)
Accounts payable and accrued liabilities	884	(1,448)
Net cash flows used in operating activities	(3,492)	(3,982)
Net cash flows from operating activities of discontinued operations	-	(112)
	(3,492)	(4,094)
Cash flows used in investing activities		
Investments in associates	(802)	(1,002)
Disposal of property and equipment	97	-
Purchase of property and equipment	(999)	(242)
Acquisition of 3PL	59	-
	(1,645)	(1,244)
Cash flows used in financing activities		
Options and warrants exercised for cash	-	3,868
Lease liability payments	(453)	(327)
Proceeds from issuance of common shares	-	25,750
Repayment of long-term debt	-	(5,949)
Repayment of convertible debentures	-	(125)
Due to related parties	-	(602)
Shares issued for services	-	-
Payment on release of RSUs	(284)	-
Contributions received from non-controlling interests	75	-
Share issuance costs	-	(1,556)
	(662)	21,059
(Decrease) increase in cash and cash equivalents	(5,799)	15,721
Cash and cash equivalents – beginning of period	14,313	625
Cash and cash equivalents – end of period	$ 8,514	$ 16,346

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

1 Nature and continuance of operations

Avant Brands Inc. (formerly GTEC Holdings Ltd.) (the "Company") was originally incorporated as a capital pool company under the *Canada Business Corporations Act*. On July 28, 2017, the Company was continued under the *Business Corporations Act* (British Columbia). On June 12, 2018, the Company completed its Qualifying Transaction (as defined under the policies of the TSX Venture Exchange), pursuant to a business combination (the "Business Combination") with GreenTec Holdings Ltd. and 1155425 BC Ltd. Following the completion of the Business Combination, the Company 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: 1BU0). 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 $54,200 as at August 31, 2022, that has been funded primarily by issuance of equity, convertible debentures and advances from related parties. There is a material uncertainty around 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 generate profitable operations or raise adequate financing 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 have 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 continues to closely monitor 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 annual financial statements of the Company as at and for the year ended November 30, 2021, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (the "IASB") and Interpretations of the IFRS Interpretations Committee.

These condensed interim consolidated financial statements of the Company were approved and authorized for issue by the board of directors of the Company (the "Board") on October 12, 2022.

Basis of consolidation

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

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

Subsidiaries	Geographical Region	Ownership percentage
Avant Craft Cannabis Inc. (“ACC”)	Edmonton, Alberta	100%
GreenTec Bio-Pharmaceuticals Inc. (“GBP”)	Kelowna, British Columbia	100%
GreenTec Retail Ventures Inc.	Kelowna, British Columbia	100%
Grey Bruce Farms Incorporated (“Grey Bruce”)	Tiverton, Ontario	100%
Spectre Labs Inc.	Kelowna, British Columbia	100%
Tumbleweed Farms Corp. (“Tumbleweed”)	Chase, British Columbia	100%
1203648 B.C. Ltd.	Kelowna, British Columbia	100%
3PL Ventures Inc. (“3PL”)	Vernon, British Columbia	50%

Subsidiaries are entities that the Company controls. Control is defined as the exposure, or rights, to 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 50% or more 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.

Significant accounting policies

These unaudited condensed interim consolidated financial statements reflect the accounting policies and disclosures described in the Company’s audited consolidated financial statements as at and for the year ended November 30, 2021 with the exception of any change set out below, and accordingly, should be read in conjunction with those audited consolidated financial statements and the notes thereto.

Non-controlling interests

Non-controlling interests (“NCI”) are recognized either at fair value or at the NCI’s proportionate share of the acquiree’s net assets, determined on an acquisition-by-acquisition basis. For the 3PL acquisition (Note 11), non-controlling interests were recognized at fair value.

Revenue recognition

Under bill-and-hold arrangements, whereby the Company bills a customer for product to be delivered at a later date, control typically transfers when the product is still in the Company’s physical possession, and title and risk of loss has passed to the customer. Revenue is recognized when all specific requirements for transfer of control under a bill-and-hold arrangement have been met, including: the reason for the arrangement is substantive, the product is identified separately as belonging to the customer, the product currently is ready for physical transfer to the customer and the Company does not have the ability to use the product or direct it to another customer.

3 Adoption of new accounting pronouncements

a) New IFRS Standards in issue but not yet effective:

(i) Amendments to IAS 37: *Onerous Contracts and the Cost of Fulfilling a Contract*

The amendment specifies that ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The amendment is effective for annual periods beginning on or after January 1, 2023 with early application permitted. The Company is currently evaluating the potential impact of these amendments on the Company’s condensed interim consolidated financial statements.

(ii) Amendments to IAS 1: *Classification of Liabilities as Current or Non-current*

The amendment clarifies the requirements relating to determining if a liability should be presented as current or non-current in the statement of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition. The amendment applies retrospectively for annual reporting periods beginning on or after January 1, 2023. The Company is currently evaluating the potential impact of these amendments on the Company's condensed interim consolidated financial statements.

(iii) Amendments to IAS 12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendment narrowed the scope of certain recognition exemptions so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. It also, at the beginning of the earliest comparative period presented, recognizes deferred tax for all temporary differences related to leases and decommissioning obligations and recognizes the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. The amendment is effective for annual periods beginning on or after January 1, 2023 with early application permitted. The Company is currently evaluating the potential impact of these amendments on the Company's condensed interim consolidated financial statements.

(iv) Amendments to IAS 41: *Agriculture*

As part of its 2018-2020 annual improvements to the IFRS process, the IASB issued amendments to IAS 41. The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flow when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13 "Fair Value Measurement". The amendment is effective for annual reporting periods beginning on or after January 1, 2022. The Company is currently evaluating the potential impact of these amendments on the Company's condensed interim consolidated financial statements.

(v) Definition of Accounting Estimates (Amendments to IAS 8)

On February 12, 2021, the IASB issued Definition of Accounting Estimates (Amendments to IAS 8). The amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for annual periods beginning on or after January 1, 2023 with early adoption permitted. The Company is currently evaluating the potential impact of these amendments on the Company's condensed interim consolidated financial statements.

(vi) Disclosure Initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

On February 12, 2021, the IASB issued Disclosure Initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements). The amendments help companies provide useful accounting policy disclosures.

The key amendments include:

- Requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- Clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- Clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments are effective for annual periods beginning on or after January 1, 2023 with early adoption permitted. The Company is currently evaluating the potential impact of these amendments on the Company's condensed interim consolidated financial statements.

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

4 Accounts receivable

As of August 31, 2022 and November 30, 2021, accounts receivable consisted of:

		August 31, 2022		November 30, 2021
Trade accounts receivable	**$**	**2,764**	$	2,107
Government assistance receivable		**-**		159
Other receivables		**-**		82
	$	**2,764**	$	2,348

5 Prepaid expenses

As of August 31, 2022 and November 30, 2021, prepaid expenses consisted of:

		August 31, 2022		November 30, 2021
Insurance	**$**	**39**	$	435
Regulatory fees		**0**		124
Packaging material prepayments		**372**		405
Deposits and other		**437**		246
	$	**848**	$	1,210

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, 2022 and the year ended November 30, 2021 are as follows:

		August 31, 2022		November 30, 2021
Carrying amount, opening	**$**	**1,948**	$	1,884
Production costs		**6,117**		8,369
Changes in fair value less costs to sell due to biological transformation		**2,050**		1,473
Transferred to inventory upon harvest		**(5,712)**		(9,778)
	$	**4,403**	$	1,948

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

- Expected yield by strain of plant;
- 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 and 17 weeks and the Company expects average yield per plant to be between 71 and 99 grams of harvested flower, and 10 and 32 grams of harvested trim. As at August 31, 2022, it is estimated that the Company's biological assets will yield approximately 1,121,795 grams of flower and 340,579 grams of trim when harvested.

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

The Company has determined the average fair value less cost to sell to be $3.92 per gram of flower and $0.20 per gram of trim. As of August 31, 2022, 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, 2022 and November 30, 2021:

		August 31, 2022		November 30, 2021
Dry cannabis	**$**		$	
Available for packaging		**9,531**		4,835
Packaged inventory		**1,610**		854
Trim		**255**		193
Concentrates		**526**		82
Packaging materials		**942**		207
	$	**12,864**	$	6,171

As at August 31, 2022, the Company had dry cannabis with a carrying value of $11,141 (November 30, 2021: $5,689) and harvested trim with a carrying value of $255 (November 30, 2021: $193).

The Company holds 3,342,747 grams of harvested cannabis (November 30, 2021: 2,238,143), which is comprised of 2,068,211 grams of harvested flower and 1,274,535 grams of harvested trim (November 30, 2021: 1,363,654 grams of harvested flower and 874,489 grams of harvested trim).

During the period ended August 31, 2022, the Company allocated $8,629 of production costs to inventory (August 31, 2021: $6,086). Included in the production costs allocated to inventory for the period ended August 31, 2022 was $1,570 of amortization of property and equipment and right-of-use assets (August 31, 2021: $455).

8 Intangible assets and goodwill

	Intangible asset	**Goodwill**
Balance - November 30, 2020	8,102	1,092
Impairment	(4,900)	(910)
Balance - November 30, 2021	**3,202**	**182**
Addition from 3PL acquisition	1,000	8,948
Depreciation	(1,108)	-
Balance – August 31, 2022	**3,094**	**9,130**

The Company's intangible asset and goodwill were acquired through the acquisition of ACC during the year ended November 30, 2018. The Company's intangible asset, a license to sell cannabis, was considered indefinite lived. The Company completes an annual assessment of the recoverable amount of the goodwill and intangible asset. The recoverable amount of the ACC cash-generating unit ("CGU"), to which indefinite lived intangible assets and goodwill are allocated, was determined based on fair value less costs of disposal model using Level 3 inputs in a discounted cash flow analysis.

At November 30, 2021, management performed its annual impairment assessment and determined that the recoverable amounts of the ACC CGU and the intangible assets were lower than the carrying value. Accordingly, the Company recorded an impairment loss of $4,900 to the intangible asset and $910 to goodwill for the year ended November 30, 2021. The carrying value of the ACC license is amortized over 2.17 years, the remaining lease term of the ACC facility.

As of June 1, 2022, management acquired goodwill and intangible asset balances through the acquisition of 3PL. The Company completes an annual assessment of the recoverable amount of the goodwill. The recoverable amount of the 3PL CGU, to which goodwill is allocated, was determined based on fair value less costs of disposal model using Level 3 inputs in a discounted cash flow analysis. Please refer to Note 11 for further information.

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

9 Property, plant and equipment

	Land	Buildings	Construction in-process	Growing and processing equipment	Right-of-use asset	Leasehold Improvements	Other	Total
Cost								
Balance - November 30, 2020	$ 1,348	$ 9,204	$ 2,915	$ 5,358	$ 1,151	$ 1,114	$ 270	$ 21,360
Additions	-	31	286	268	-	-	9	594
Lease modification	-	-	-	-	(34)	-	-	(34)
Reclassification	-	-	-	(419)	-	(47)	(3)	(469)
Balance - November 30, 2021	1,348	9,235	3,201	5,207	1,117	1,067	276	21,451
Additions – 3PL acquisition	-	-	-	3,813	2,306	6,715	11	12,845
Additions	-	5	785	39	-	152	18	999
Disposals	-	-	-	(100)	-	-	-	(100)
Balance – August 31, 2022	**1,348**	**9,240**	**3,986**	**8,959**	**3,423**	**7,934**	**305**	**35,195**
Accumulated amortization								
Balance - November 30, 2020	-	(956)	-	(1,096)	(325)	(506)	(180)	(3,063)
Additions	-	(484)	-	(544)	(312)	(222)	(41)	(1,603)
Reclassification	-	-	-	232	26	23	3	284
Balance - November 30, 2021	-	(1,440)	-	(1,408)	(611)	(705)	(218)	(4,382)
Additions	-	(364)	-	(506)	(300)	(530)	(24)	(1,724)
Disposals	-	-	-	9	-	-	-	9
Balance – August 31, 2022	**-**	**(1,804)**	**-**	**(1,905)**	**(911)**	**(1,235)**	**(242)**	**(6,097)**
Net book value								
November 30, 2021	$ 1,348	$ 7,795	$ 3,201	$ 3,799	$ 506	$ 362	$ 58	$ 17,069
August 31, 2022	**1,348**	**7,436**	**3,986**	**7,054**	**2,512**	**6,699**	**63**	**29,098**

During the period ended August 31, 2022, the Company allocated $1,570 (August 31, 2021: $455) of amortization expense to cost of inventory.

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

10 Investment in associate

		August 31, 2022		November 30, 2021
Opening balance	**$**	**3,951**	$	2,666
Cash advanced under shareholder loan		**802**		1,555
Equity gain (loss) on investment		**1,233**		(270)
Fair value gain on acquisition of investment (Note 11)		**2,615**		-
Effective settlement of shareholder loan		**(3,701)**		-
Acquisition of investment (Note 11)		**(4,900)**		-
	$	**-**	$	3,951

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 committed to provide a maximum of up to $9,000 in funding for 3PL through shareholder loans to finance the construction and equipping of the facility.

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. 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 standard cultivation, standard processing and medical sales licenses, in accordance with Health Canada's *Cannabis Act* and regulations ("CA&R"). On May 10, 2022, 3PL received a sales amendment license from Health Canada.

On June 1, 2022, the Company entered into an amended agreement to increase the Company's ownership stake from 49% to 50%. In addition to increasing the Company's ownership stake, the amended agreement also increased the Company's substantive rights over the 3PL entity while removing certain substantive rights from the current non-controlling interest shareholder. As such, under IFRS 3 "Business Combinations" guidance the Company acquired control over 3PL effective on June 1, 2022. As a result, 3PL was no longer accounted for as an investment in associate from June 1, 2022. A fair value gain on acquisition was recorded for $2,615 and $100 as part of the step-acquisition for the original 49% ownership interest and acquired 1% ownership interest, respectively. Please refer to Note 11 for further information.

11 Acquisitions

Acquisition of 3PL (Provisional)

On June 1, 2022, the Company entered into an amended agreement to increase the Company's ownership stake in 3PL from 49% to 50%. In addition to increasing the Company's ownership stake, the amended agreement also increased the Company's substantive rights over the 3PL entity while removing certain substantive rights from the current non-controlling interest shareholder. As such, under IFRS 3 guidance the Company acquired control over 3PL effective on June 1, 2022.

The execution of the amended agreement constituted a step acquisition business combination under IFRS 3, Business Combinations. The acquisition date fair value of the equity interest held by the Company immediately before the acquisition date was $4,900, resulting in $2,715 gain on remeasuring the equity interest on acquisition.

As of June 1, 2022, the Company recognized $5,000 in non-controlling interest representing the 50% ownership stake, which was valued using the acquisition date fair value. The non-controlling interest has protective rights over the 3PL entity, but none which would significantly restrict the Company's ability to access or use the assets and settle the liabilities of 3PL.

The Company has settled $3,076 in pre-existing relationships it had with 3PL as of June 1, 2022. This balance includes settled amounts for accounts receivable, accounts payable and accrued liabilities, and a shareholder loan payable.

Management is in the process of gathering the relevant information that existed at the acquisition date to determine the fair value of the initial interest in 3PL in addition to the net identifiable assets acquired and liabilities assumed. As such, the initial purchase price was provisionally determined and allocated based on the Company's estimated fair value of the initial interest, identifiable assets acquired and the liabilities assumed on the acquisition date. The values assigned are, therefore, preliminary and subject to change. Management continues to refine and finalize the acquisition-date initial fair value of interest acquired and non-controlling interest in addition to the purchase price allocation for the fair value of property, plant and equipment, intangible assets, shareholder loans, goodwill and deferred taxes.

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

Consideration (provisional)		**Amount**
Acquisition-date fair value of initial 49% interest (Note 10)	$	**4,900**
Fair value Consideration for 1% interest acquired		**100**
Non-controlling interest - fair value		**5,000**
Pre-existing relationships		**3,076**
Total fair value of consideration		**13,076**

Net assets acquired (provisional)		**Amount**
Current assets		
Cash	$	**59**
Accounts receivable		**19**
Prepaid expenses		**221**
Inventory		**2,690**
Biological assets		**1,869**
Non-current assets		
Intangible assets		**1,000**
Property, plant and equipment		**12,845**
Total assets		**18,703**
Current liabilities		
Accounts payable and accrued liabilities	$	**355**
Lease liability		**180**
Non-current liabilities		
Lease liability		**2,126**
Amount due to non-controlling interests		**11,914**
Total liabilities		**14,575**
Total net assets acquired		**4,128**

Purchase price allocation (provisional)		**Amount**
Net identifiable assets acquired	$	**4,128**
Goodwill		**8,948**
Total fair value of consideration		**13,076**

Net cash flows		**Amount**
Cash consideration paid	$	**-**
Cash acquired		**59**
Total net cash flows		**59**

Goodwill arising from the business combination represents expected synergies, future income and growth that are not separately recognized.

During the three and nine months ended August 31, 2022, the Company's consolidated revenue included $206 and $206, respectively from 3PL. In addition, for the three and nine months ended August 31, 2022, the Company's consolidated loss and comprehensive loss included net income of $345 and $345, respectively from 3PL. If 3PL had been acquired on December 1, 2020, total revenue from 3PL would have been $2,195 and the net gain would have been $3,078.

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

12 Partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Subsidiaries	Geographical Region	Ownership percentage August 31, 2022	Ownership percentage November 30, 2021
3PL	Vernon, British Columbia	**50%**	-%

On June 1, 2022, the Company entered into an amended agreement to increase the Company's ownership stake in 3PL from 49% to 50%. In addition to increasing the Company's ownership stake, the amended agreement also increased the Company's substantive rights over the 3PL entity while removing certain substantive rights from the current non-controlling interest shareholder. As such, under IFRS 3 guidance the Company acquired control over 3PL effective on June 1, 2022.

Accumulated balances of material non-controlling interest:

	August 31, 2022	November 30, 2021
3PL	**$ 5,345**	$ -

Profit allocated to material non-controlling interest:

	August 31, 2022	November 30, 2021
3PL	**$ 345**	$ -

The summarized financial information of this subsidiary is provided below. This information is based on amounts before inter-company eliminations.

Summarized statement of financial position	**August 31, 2022**
Cash and cash equivalents	**$ 315**
Biological assets and inventory	**5,924**
Other current assets	**1,699**
Property, plant and equipment	**12,323**
Goodwill and intangible assets	**9,948**
Current liabilities	**(1,361)**
Non-current liabilities	**(18,158)**
Total Equity	**10,690**
Attributable to equity holders of parent	**5,345**
Attributable to non-controlling interest	**5,345**

Summarized statement of income and comprehensive income	**Three months ended August 31, 2022**	**Nine months ended August 31, 2022**
Net revenue	**$ 2,460**	$ **2,460**
Cost of goods sold	**(2,676)**	**(2,676)**
Unrealized gain on changes in fair value of biological assets	**1,155**	**1,155**
Operating and administrative expenses	**(249)**	**(249)**
Net income and comprehensive income	**690**	**690**
Attributable to non-controlling interest	**345**	**345**

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

Summarized statement of cash flows for the nine months ended		August 31, 2022
Operating	$	**(671)**
Investing		**(29)**
Financing		**956**
Net increase in cash and cash equivalents		**256**

13 Lease liability

The following is the continuity of lease liability, for the period ended August 31, 2022:

Balance – November 30, 2020	**916**
Lease payments	(391)
Lease modification – change in lease terms	(34)
Interest expense on lease liability	132
Balance – November 30, 2021	**623**
Addition from 3PL acquisition	2,306
Lease payments	(453)
Interest expense on lease liability	166
Balance – August 31, 2022	**2,642**
Current portion	**506**
Long-term portion	**2,136**

The Company recognized right-of-use assets and a corresponding lease liability upon the adoption of IFRS 16 “Leases” 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 $31 (August 31, 2021: $72) is included in financing costs and payments are applied against the lease liability.

14 Share capital

The Company has an unlimited number of common shares without par value authorized for issuance. The Company also has an unlimited number of preference shares without par value authorized for issuance.

(a) Issued shares

During the period ended August 31, 2022:

- The Company issued 1,000,000 common shares with a fair value of $280 pursuant to an amending agreement with the vendors of Grey Bruce in connection with achieving certain milestones (Note 18).
- The Company issued 1,510,995 common shares in connection with employment compensation agreements, resulting in a decrease to contributed surplus of $709 and an increase in share capital of $425.
- The Company issued 3,008,807 common shares to service providers in connection with services received, resulting in a decrease to contributed surplus of $22 and an increase in share capital of $807.

During the period ended August 31, 2021:

- The Company issued 13,750,000 units (each a “$0.20 Unit”) at a price of $0.20 per $0.20 Unit for gross proceeds of $2,750. Each $0.20 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 “$0.80 Unit”) at a price of $0.80 per $0.80 Unit for gross proceeds of $23,000. Each $0.80 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,

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

subject to early expiry in certain circumstances. Of the total proceeds, $1,150 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 $438 pursuant to an amending agreement with the vendors of Grey Bruce in connection with achieving certain milestones.
- The Company issued 9,622,091 common shares pursuant to the exercise of warrants for gross proceeds of $3,871.
- The Company issued 2,225,500 common shares pursuant to the exercise of stock options for gross proceeds of $1,319.
- The Company issued 3,650,646 common shares pursuant to the conversion of a convertible debenture. The Company also reallocated $556 from contributed surplus in connection with the full conversion of the note.

(b) Escrow shares

As at August 31, 2022 there were 2,520,017 common shares held in escrow. The following is a summary of escrow shares to be released:

Escrow release date	Escrow shares to be released	Escrow balance
October 30, 2022	403,508	2,116,509
December 8, 2022	355,855	1,760,654
April 30, 2023	403,512	1,357,142

Of the common shares held in escrow summarized in the table above, as at August 31, 2022 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.
- 355,855 common shares held in escrow pursuant to the debt financing, which are subject to a three-year release schedule, with 355,856 shares being released each six-month period.
- 807,020 common shares held in escrow pursuant to the debt financing, 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:

	Number of share purchase warrants	Weighted average exercise price
Balance – November 30, 2020	**29,298,986**	**0.82**
Granted	**36,918,750**	**0.89**
Exercised	**(9,622,091)**	**0.33**
Expired	**(19,779,395)**	**1.05**
Balance – November 30, 2021 and August 31, 2022	**36,816,250**	**$ 0.90**

At August 31, 2022 the following share purchase warrants were outstanding:

Number of share purchase warrants	Exercise price per share	Expiry date
6,772,500	$ 0.30	March 8, 2024
1,293,750	$ 0.80	March 30, 2024
28,750,000	$ 1.04	March 30, 2024
36,816,250		

The weighted average outstanding life of warrants outstanding as at August 31, 2022 is 1.82 years and the weighted average exercise price is $0.90.

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

(d) Restricted Share Units and Deferred Share Units (“RSUs” and “DSUs”)

RSUs and DSUs are granted to the Company’s directors, officers, and employees as a part of compensation pursuant to, historically, the terms of the Company’s deferred share unit plan (the “DSU Plan”) and restricted share unit plan (the “RSU Plan”), and currently, the terms of the Company’s omnibus long-term incentive plan (the “LTIP”). On April 18, 2022, the Board approved the LTIP that provides for the issuance of stock options, RSUs and performance share units to officers, employees and other eligible service providers of the Company. The LTIP was ratified, confirmed and approved by the shareholders of the Company on May 26, 2022. The Company intends to cease issuing RSUs pursuant to the RSU Plan and instead only issue RSUs pursuant to the LTIP going forward. Each DSU will continue to be issued pursuant to the DSU Plan going forward.

Each RSU and DSU entitles the participant to receive the value of one common share of the Company. Pursuant to the terms of the RSU Plan, the DSU Plan, or the LTIP, as applicable, the maximum number of awards of RSUs, DSUs and all other security-based compensation arrangements may not exceed 10% of the Company’s outstanding common shares.

The number of RSUs and DSUs awarded and underlying vesting conditions are determined by the Board in its discretion. RSUs and DSUs are accounted for as equity-settled share-based payments and are valued using the share price of the common share on grant date. Since the Company controls the settlement, the RSUs and DSUs are considered equity settled.

RSU and DSU transactions are summarized as follows:

	Number of RSUs and DSUs	Weighted average issue price
Balance – November 30, 2021 and 2020	-	$ -
Granted	9,184,814	0.27
Vested and released	(2,706,412)	0.27
Forfeited	(51,853)	0.27
Balance – August 31, 2022	**6,426,549**	**$ 0.27**

The weighted average outstanding life of RSUs and DSUs outstanding as at August 31, 2022 is 0.21 years.

At August 31, 2022 the following RSUs and DSUs were outstanding:

Number of RSUs and DSUs	Grant date
73,847	January 17, 2022
6,171,668	March 1, 2022
181,034	June 17, 2022
6,426,549	

(e) Income (loss) per common share

	For the three months ended		For the nine months ended	
	August 31, 2022	**August 31, 2021**	**August 31, 2022**	**August 31, 2021**
Net income (loss) attributable to equity holders of parent	**$ 1,886**	$ (2,646)	**$ (2,453)**	$ (3,547)
Weighted average shares outstanding				
Basic	**204,810,558**	199,483,489	**201,221,147**	199,476,057
Diluted	**211,237,107**	199,483,489	**201,221,147**	199,476,057
Basic income (loss) per common share	**0.01**	(0.01)	(0.02)	(0.02)
Diluted income (loss) per common share	**0.01**	(0.01)	(0.02)	(0.02)

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

15 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 "Option Plan") to grant options to directors, officers, employees and consultants. Pursuant to the Option Plan, the Company may grant options that may 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 may 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. The Company intends to cease issuing stock options pursuant to the Option Plan and to instead only issue stock options pursuant to the LTIP going forward.

Stock option transactions are summarized as follows:

	Number of shares	Weighted average exercise price
Balance – November 30, 2020	9,559,947	$ 0.56
Granted	1,140,000	0.28
Expired/cancelled	(4,861,947)	0.71
Exercised	(2,300,500)	0.34
Balance – November 30, 2021	**3,537,500**	**$ 0.41**
Granted	5,095,000	0.27
Expired/cancelled	(1,285,000)	0.50
Balance – August 31, 2022	**7,347,500**	**$ 0.30**

The weighted average outstanding life of stock options outstanding as at August 31, 2022 is 2.28 years.

At August 31, 2022, the following stock options were outstanding:

Number of shares	Options Vested	Exercise price per share	Expiry date
1,500,000	1,500,000	$0.34	August 14, 2024
100,000	100,000	$0.30	September 25, 2024
387,500	387,500	$0.30	October 23, 2024
50,000	50,000	$0.30	August 12, 2023
200,000	200,000	$0.60	February 23, 2023
50,000	50,000	$0.78	February 24, 2023
5,060,000	4,920,000	$0.27	February 28, 2025
7,347,500	**7,207,500**	**$0.30**	

(b) Share based payments

During the period ended August 31, 2022, the Company recognized share-based payment expense of $3,339 (August 31, 2021: $150) that was recorded in the condensed interim consolidated statements of comprehensive loss. The share-based payments represent the fair value of stock options, RSUs, and DSUs granted or vested during the period ended August 31, 2022 and were 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.

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

16 Net revenue

	For the three months ended		For the nine months ended	
	August 31, 2022	**August 31, 2021**	**August 31, 2022**	**August 31, 2021**
Recreational revenue	**$ 3,719**	$ 1,844	**$ 9,361**	$ 5,755
Bulk cannabis sales	**158**	829	**2,434**	1,297
Medical revenue	**67**	57	**169**	106
Management fees and other	**12**	-	**263**	-
	$ 3,956	$ 2,730	**$ 12,227**	$ 7,158

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 periods ended August 31, 2022 and August 31, 2021 consists of the following:

	For the three months ended		For the nine months ended	
	August 31, 2022	**August 31, 2021**	**August 31, 2022**	**August 31, 2021**
Salaries and wages	**$ 166**	$ 156	**$ 551**	$ 500
Director fees	**37**	127	**107**	157
Share-based payments	**171**	24	**1,081**	74
	$ 374	$ 307	**$ 1,739**	$ 731

Related party balances

As at August 31, 2022, accounts payable included $nil (November 30, 2021: $460) which was due to directors of the Company in connection with directors' fees.

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, 1118157 B.C. Ltd., Zenalytic Laboratories Ltd. and GBP. Each one of these entities was under common control with two of the Company's executive officers. Certain milestones within these agreements remain outstanding and are disclosed under Note 20.

18 Financial instruments

a) Financial instruments and risk management

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, marketable securities, investment in associate, accounts payable, amount due to non-controlling interests, 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. Over 87% of the Company's trade accounts receivable balance at August 31, 2022 is due from a governmental agency. The Company does not have a history of inability to collect on its trade accounts receivable and all balances due at August 31, 2022, are considered collectible.

As at August 31, 2022, 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.

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

ii) Currency risk

The Company operates primarily in Canadian dollars and as such is not significantly 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 considers securing additional funds through issuances of equity and debt or partnering transactions. The Board 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

The Company's cash and cash equivalents balance at August 31, 2022 was $8,514. At August 31, 2022, the Company had accounts receivable of $2,764, accounts payable and accrued liabilities of $1,956, current lease liabilities of $506, long-term lease liabilities of $2,136 and an amount due to non-controlling interests of $11,989. All accounts payable and accrued liabilities are current.

As at August 31, 2022, the Company did not have derivative financial liabilities with contractual maturities.

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 operating and 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, 2022 based on the undiscounted contractual cash flows:

	Carrying value	Principal amount	Less than 1 year	1 - 5 years
Accounts payable	$ 1,955	$ 1,955	$ 1,955	$ -
Lease liabilities	2,642	4,082	924	3,158
Amount due to non-controlling interests	11,989	11,989	-	11,989
	$ 16,586	**$ 18,026**	**$ 2,879**	**$ 15,147**

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.

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

	Amortized cost $	Fair Value through Profit or Loss $	Total $
Assets			
Cash	**8,514**	**-**	**8,514**
Accounts receivable	**2,764**	**-**	**2,764**
Marketable securities	**-**	**19**	**19**
Liabilities			
Accounts payable and accrued liabilities	**1,955**	**-**	**1,955**
Lease liabilities	**2,642**	**-**	**2,642**
Amount due to non-controlling interests	**11,989**	**-**	**11,989**

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

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.

At August 31, 2022, the Company had Level 1 financial instruments, consisting of cash and cash equivalents and marketable securities, with a fair value of $8,514 (November 30, 2021: $14,313).

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. Future financings are dependent on 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 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. As of August 31, 2022, the Company has accrued a provision of $100 related to certain legal proceedings for which the outcome is uncertain at this time.

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.

Grey Bruce

On March 13, 2020, the Company entered into an amending agreement with the vendors of Grey Bruce amending certain terms and conditions of the definitive share purchase agreement, dated September 15, 2017. During the period ended August 31, 2022, the final milestone related to Grey Bruce was achieved and the Company issued 1,000,000 common shares in connection with the milestone.

GBP

As at August 31, 2022, in connection with a previously completed asset acquisition, the Company has committed to issue common shares valued at $2,500 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 were reduced by $5,750. 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 reduction to the Company's payment obligations, $5,615 of the remaining milestone payments was waived by an executive officer of the Company.