



Radiant Technologies Inc.

Interim Condensed Consolidated Financial Statements

Three and Six months ended September 30, 2020 and 2019
(Unaudited)

Contents

	Page
Interim Condensed Consolidated Balance Sheets	3
Interim Condensed Consolidated Statements of Operations and Comprehensive Loss	4
Interim Condensed Consolidated Statements of Cash Flows	5
Interim Condensed Consolidated Statements of Changes in Equity	6
Notes to the Interim Condensed Consolidated Financial Statements	7 - 25

Radiant Technologies Inc.

Interim Condensed Consolidated Balance Sheets

(Unaudited)

As at

September 30,
2020

March 31,
2020

Assets

Current assets

Cash	\$ 198,326	\$ 145,117
Accounts receivable	1,293,014	846,899
Prepays and deposits	1,344,477	1,591,779
Inventories	8,741,641	8,890,777
	11,577,458	11,474,572

Non-current assets

Restricted cash	200,000	200,000
Long-term prepaids and deposits	1,328,717	1,426,808
Lease assets	1,697,861	2,069,575
Plant and equipment	41,799,865	41,892,844
Intangible assets	793,951	867,895
	45,820,394	46,457,122

Total assets	\$ 57,397,852	\$ 57,931,694
---------------------	----------------------	----------------------

Liabilities

Current liabilities

Accounts payable and accrued liabilities	\$ 15,463,264	\$ 15,341,446
Short term borrowings (Note 5)	3,020,517	2,426,271
Facility construction liabilities	8,382,662	8,569,340
Current portion of long-term debt (Note 6)	1,168,222	1,049,649
Current portion of lease liabilities	474,105	489,114
	28,508,770	27,875,820

Non-current liabilities

Long-term debt (Note 6)	9,643,615	9,571,825
Lease liabilities	1,094,146	1,472,197
	10,737,761	11,044,022

Shareholders' equity

Common shares (Note 7)	115,810,866	112,474,761
Contributed surplus	38,464,196	33,820,500
Deficit	(136,123,741)	(127,283,409)
	18,151,321	19,011,852

Total liabilities and shareholders' equity	\$ 57,397,852	\$ 57,931,694
---	----------------------	----------------------

See accompanying notes to the consolidated financial statements

Approved by the Board of Directors:

Director (signed by) "Jan Petzel"

Director (signed by) "Francesco Ferlino"

Radiant Technologies Inc.

Interim Condensed Consolidated Statements of Operations and Comprehensive Loss

(Unaudited)

For the three and six months ended September

Three months
2020 2019 2020 2019

Revenues

Manufactured products	\$ 44,360	1,048,770	86,795	\$ 1,048,770
Manufacturing services	58,342	189,580	58,342	250,607
	102,702	1,238,350	145,137	1,299,377

Cost of sales

Manufactured products	76,539	978,315	141,738	978,315
Manufacturing services	56,988	121,129	56,988	185,739
	133,527	1,099,444	198,726	1,164,054
	(30,825)	138,906	(53,589)	135,323

Expenses

General and administrative	1,284,006	2,490,947	3,496,941	4,648,432
Financing fees	534,963	150,291	1,147,541	273,962
Depreciation and amortization	604,607	528,581	1,209,902	1,029,157
Engineering	276,240	536,816	620,766	1,070,513
Production plant	197,945	916,082	462,773	1,807,341
Research and process development	402,874	722,548	684,494	1,426,210
Quality control and assurance	107,426	344,307	147,981	721,924
Business and corporate development	19,379	381,040	82,870	796,263
	3,427,440	6,070,612	7,853,268	11,773,802

Loss before other income (expenses) (3,458,265) (5,931,706) (7,906,857) (11,638,479)

Other income (expenses)

Share-based payments (Note 7)	73,374	(623,094)	(143,263)	(1,460,241)
Loss on settlement of debt	-	-	(404,549)	-
Loss on loan modification	-	-	(477,810)	-
Loss on extinguishment of long term debt	-	(440,513)	-	(440,513)
Interest and other income	6,980	66,807	7,131	223,388
Foreign exchange (loss) gain	(40,310)	41,245	49,089	72,425
Rental income	8,975	5,226	35,927	10,413
	49,019	(950,329)	(933,475)	(1,594,528)

Net loss and comprehensive loss \$ (3,409,246) \$ (6,882,035) \$ (8,840,332) \$ (13,233,007)

Basic and diluted loss per common share \$ (0.01) \$ (0.03) \$ (0.03) \$ (0.05)

Weighted average number of common shares outstanding

Basic and diluted	321,442,199	271,064,804	307,548,139	270,659,212
-------------------	-------------	-------------	-------------	-------------

See accompanying notes to the consolidated financial statements

Radiant Technologies Inc.

Interim Condensed Consolidated Statements of Cash Flows

(Unaudited)

For the six months ended September 30

2020

2019

Operating Activities

Net loss	\$ (8,840,332)	\$ (13,233,007)
Adjustments for:		
Interest expense and pay-out penalties	1,010,276	233,845
Depreciation and amortization	1,209,902	1,029,157
Loss on loan modification	477,810	-
Loss on settlement of debt	404,549	-
Share-based payments	143,263	1,460,241
Finance fee accretion and amortization	137,265	40,117
Loss on extinguishment of long-term debt	-	440,513
Interest income	-	(207,397)
Accretion of rent liability	-	(6,059)
Gain on extinguishment of lease asset	(4,179)	-
Unrealized foreign exchange on lease liability	-	(9,813)
	(5,461,446)	(10,252,403)
Change in non-cash operating working capital (Note 4)	1,551,354	(8,988,181)
Cash used in operating activities	(3,910,092)	(19,240,584)

Financing Activities

Proceeds from brokered placements	5,750,000	-
At-the-market share issuance	880,605	-
Proceeds from long-term debt	-	8,697,500
Proceeds from exercise of warrants	-	730,663
Proceeds from exercise of stock options	-	101,520
Share issuance costs	(831,665)	(6,229)
Interest paid	(962,802)	(315,193)
Repayment of lease liabilities	(326,039)	(126,347)
Financing costs paid on long-term debt	(85,000)	(350,249)
Repayment of long-term debt	-	(5,609,776)
Cash provided by financing activities	4,425,099	3,121,889

Investing Activities

Purchase of plant and equipment	(668,729)	(9,388,078)
Proceeds on disposal of plant and equipment	9,570	81,195
Decrease (Increase) in long-term prepaids and deposits	197,361	(239,492)
Interest received	-	200,378
Cash used in investing activities	(461,798)	(9,502,653)

Net increase (decrease) in cash	53,209	(25,621,348)
Cash, beginning of period	145,117	31,752,852
Cash, end of the period	\$ 198,326	\$ 6,131,504

Non-cash transactions (Note 4)

See accompanying notes to the consolidated financial statements

Radiant Technologies Inc.

Interim Condensed Consolidated Statements of Changes in Equity

(Unaudited)

As at September 30, 2019	Common Shares	Contributed Surplus	Deficit	Equity
Balance March 31, 2019	\$ 109,030,850	\$ 31,677,219	\$ (89,865,670)	\$ 50,842,399
Share-based payments	-	1,460,241	-	1,460,241
Warrant exercises	852,542	(121,879)	-	730,663
Stock option exercises	188,320	(86,800)	-	101,520
Shares issued for services	677,869	-	-	677,869
Share issuance costs	(6,229)	-	-	(6,229)
Net loss	-	-	(13,233,007)	(13,233,007)
Balance September 30, 2019	\$ 110,743,352	\$ 32,928,781	\$ (103,098,677)	\$ 40,573,456

As at September 30, 2020	Common Shares (Note 7)	Contributed Surplus (Note 7)	Deficit	Equity
Balance March 31, 2020	\$ 112,474,761	\$ 33,820,500	\$ (127,283,409)	\$ 19,011,852
Shares issued for brokered placement	5,750,000	-	-	5,750,000
Share-based payments	-	143,263	-	143,263
At-the-market issuance	880,605	-	-	880,605
Warrant issuance	(3,220,000)	3,220,000	-	-
Warrant extensions	(610,247)	610,247	-	-
Finders compensation	(384,745)	384,745	-	-
Shares issued for services	322,863	-	-	322,863
Shares for debt	220,370	-	-	220,370
Units for debt	1,208,924	285,441	-	1,494,365
Share issuance costs	(831,665)	-	-	(831,665)
Net loss	-	-	(8,840,332)	(8,840,332)
Balance September 30, 2020	\$ 115,810,866	\$ 38,464,196	\$ (136,123,741)	\$ 18,151,321

See accompanying notes to the consolidated financial statements

Radiant Technologies Inc.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2020

(Unaudited)

1. Nature of operations and going concern

Radiant Technologies Inc. was incorporated on June 12, 2001. The principal activities of Radiant Technologies Inc. and its subsidiaries, (collectively, the "Company") are research, development and commercialization of an efficient and environmentally responsible technology for the extraction, isolation and purification of soluble products from a wide range of materials using microwave technology. The ordinary shares are listed on the TSXV under the symbol "RTI" and on the OTCQX® Best Market, operated by OTC Markets Group under the ticker symbol "RDDTF". The address of the Company's head office is 9426 – 51 Avenue NW, Edmonton, Alberta T6E 5A6 and its registered office is located at 2900 – 550 Burrard Street, Vancouver, British Columbia V6C 0A3.

These interim condensed consolidated financial statements are prepared on a going concern basis, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of operations as they become due. The Company's ability to generate sufficient cash flows to maintain normal operations, if unsuccessful, will result in it not being able to continue as a going concern.

The Company has incurred significant losses to date. The net loss for the three and six months ended September 30, 2020 totalled \$3,409,246 (2019 – \$6,882,035) and \$8,840,332 (2019 – \$13,233,007) respectively and as at September 30, 2020 the Company had a deficit of \$136,123,741 (March 31, 2020 - \$127,283,409).

In addition, the Company's current liabilities exceed its current assets by \$16,931,312 (March 31, 2020 – current liabilities exceeded current assets by \$16,401,248). As at September 30, 2020, the Company is in arrears with certain trade creditors, rents, long-term debt, and lease liabilities. These balances and the changes year over year indicate that there are material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Management has been able to finance operations through debt and equity financings and will continue, as appropriate, to seek financing from these and other sources; however, there are no assurances that any such financings can be obtained on favourable terms, if at all. There can be no assurance that the steps management is taking will be successful.

The financial statements for the periods presented do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business as a going concern and that such adjustments could be material.

In conjunction with quarter-end, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and; specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. These factors, among others, could have a significant impact on the Company's operations. Management have given consideration as to the impact of COVID-19 on the Company and concluded that the consolidated financial statements appropriately reflect and disclose management's best estimate and uncertainty regarding the impact of COVID-19 on the Company's future operations and financial results.

These interim condensed consolidated financial statements, including comparatives, were authorized for issue by the Board of Directors of the Company on November 30, 2020.

Radiant Technologies Inc.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2020

(Unaudited)

2. Basis of presentation

a) Statement of compliance

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34: "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB") and do not include all the information required for full annual consolidated financial statements. The same accounting policies were followed in the preparation of these interim condensed consolidated financial statements as were followed in the preparation of the annual consolidated financial statements for the year ended March 31, 2020. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended March 31, 2020. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

b) Basis of consolidation

The consolidated financial statements of the Company include the financial statements of Radiant Technologies Inc. and its wholly-owned subsidiaries Radiant Technologies (Cannabis) Inc. ("RTC"), Radiant Technologies Innovations Inc. ("RII"), Radiant Technologies (Switzerland) Inc. ("RTS"), and 1631807 Alberta Ltd and a 50% interest in the joint arrangement Natac Solutions S.L. MAG Innovation GmbH ("MAG") is a wholly-owned subsidiary of RTS.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values. If accounted for as a business combination, any excess of the cost over the fair values of the identifiable net assets acquired is recognized as goodwill. If accounted for as a purchase of assets, any excess of the cost over fair value of the identifiable net assets is allocated to the assets purchased.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company using consistent accounting policies. All transactions and balances between the Company and its subsidiaries are eliminated upon consolidation.

Joint arrangement

The Company has a 50% interest in Natac Solutions S.L. which was incorporated in the fiscal year. There is currently no financial activity in the joint operation. This interest was terminated during the quarter for nominal proceeds.

c) Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention unless otherwise indicated.

Radiant Technologies Inc.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2020

(Unaudited)

2. Basis of presentation (cont'd)

d) Functional and presentation currency

Amounts presented in these consolidated financial statements and the notes hereto are in Canadian dollars, the parent Company's functional currency, unless otherwise stated.

The Company's German operations functional currency is Canadian dollars. Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss. Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

3. Summary of significant accounting policies

Revenue recognition

Revenue from contracts with customers

Revenue is generated from contracts with customers to extract natural compounds from a range of biological materials.

To determine the amount and timing of revenue to be recognized the Company follows the five-step model framework:

1. Identify the contract(s) with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

Manufactured Products

The Company's revenue from the production of biomass and extracted natural compounds consists of one performance obligation which occurs at the point of delivery to the client. The transaction price is for a fixed fee. Revenue is recognized at the point of delivery when the performance obligation was satisfied.

Manufacturing Services

The Company's revenue from manufacturing services consists of one performance obligation which occurs when the customer obtains notification of satisfactory third-party testing of the processed biomass. Revenue is recognized when this performance obligation is met. The transaction price is based on the weighted average sales prices of the customer's most recent fiscal quarter, the concentration of tetrahydrocannabinol "THC" and the amount of processed biomass.

Consideration received in advance of revenue being recognized is deferred until the conditions are met.

Radiant Technologies Inc.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2020
(Unaudited)

3. Summary of significant accounting policies (cont'd)

Significant Estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from those estimates.

There is significant uncertainty regarding the extent and duration of the impact that the COVID-19 pandemic will have on the Company's operations. The extent to which the impacts of the COVID-19 pandemic affects the judgments, estimates and assumptions described in Note 3 to the Company's consolidated financial statements as at and for the year ended March 31, 2020 depend on future developments, which are highly uncertain and cannot be predicted. Management will continue to monitor and assess the impact of the pandemic on its judgments, estimates, assumptions, accounting policies and amounts recognized in these condensed interim consolidated financial statements, including, but not limited to, valuation of inventories, impairment of property and equipment, intangible assets, and lease assets. After careful analysis, management has applied significant judgments, estimates and assumptions in the preparation of these condensed interim consolidated financial statements consistent with those applied to the consolidated financial statements as at and for the year ended March 31, 2020 as the severity and duration of the COVID-19 pandemic are unknown.

New accounting standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current period and have not been early adopted. These standards are not expected to have a material effect on the Company in the current or future reporting periods.

4. Change in non-cash operating working capital

	September 30, 2020	September 30, 2019
Accounts receivable	\$ (446,115)	\$ (483,471)
Prepays and deposits	247,302	35,416
Inventory	149,136	(11,084,176)
Facility construction liabilities	(345,035)	-
Accounts payable and accruals	1,946,066	891,560
Contract liabilities	-	1,652,490
Net change in non-cash operating working capital	\$ 1,551,354	\$ (8,988,181)

Non-cash transactions

Settlement of debt through issuance of shares	1,714,736	-
Settlement of services payable through issuance of shares	322,863	677,869
Addition of lease assets	-	1,081,842

During the three and six months ended September 30, 2020, the Company derecognized a lease asset of \$67,585 and the corresponding lease liability of \$72,685.

Radiant Technologies Inc.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2020

(Unaudited)

5. Short term borrowings

	September 30, 2020	March 31, 2020
Due to related party bearing interest at 21% due on demand	\$ 3,020,517	\$ 2,500,000
Financing costs	-	(73,729)
	\$ 3,020,517	\$ 2,426,271

On January 31, 2020, the Company entered into a loan agreement with Akaura Holdings Inc. (a related party) to assist the Company with working capital requirements. The amount funded under the loan agreement was \$2,500,000 and bears interest at 21.0% per annum. \$200,000 was held back by the lender and is recorded as long-term restricted cash. Interest is paid monthly with the principal balance due on February 28, 2020. Additional interest and penalties of \$60,000 and \$2,000 per day from February 15, 2020 are due if the principal portion of the loan has not been repaid by the Company by the due date. At September 30, 2020, \$520,517 has been added to the principle portion of the loan related to interest charges on default.

The loan is secured through a mortgage on land and building as well as a general security agreement between Akaura Holdings Inc and two of the subsidiaries. The Company has also provided a general security agreement on assets to a third party lender to secure Akaura's loan with the third party.

Interest expense is presented under financing fees and is \$318,741 (2019 - \$nil) for the three months ended September 30, 2020 and \$635,154 for the six months ended September 30, 2020. Also presented under financing fees is the amortization of deferred financing fees on short term borrowings amounting to \$73,729 (2019 - \$nil) for the six months ended September 30, 2020.

6. Long-term debt

	September 30, 2020	March 31, 2020
Loan payable bearing interest at 5.80% with monthly payments of \$9,327 maturing October 1, 2021	\$ 175,644	\$ 175,644
Loan payable bearing interest at 4.55% with monthly payments of \$2,586 maturing March 1, 2023	89,239	89,239
Loan payable bearing interest at Bank of Canada policy interest rate plus 3% with variable payments maturing June 1, 2025	657,266	657,266
Debenture payable bearing interest at 15% with interest paid quarterly maturing March 4, 2022	1,162,500	1,162,500
Mortgage payable bearing interest at the greater of 12.5% or Bank of Nova Scotia prime rate plus 10.05% per annum with monthly interest only payments required and principal maturing on November 1, 2021. (Note 6(a))	8,885,537	8,627,500
Financing costs	(158,349)	(90,675)
	10,811,837	10,621,474
Current portion	(1,168,222)	(1,049,649)
	\$ 9,643,615	\$ 9,571,825

Radiant Technologies Inc.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2020

(Unaudited)

6. Long-term debt (cont'd)

Interest expense is presented under financing fees and is \$168,376 (2019 - \$85,869) for the three months and \$335,062 (2019 - \$nil) for the six months ended September 30, 2020. Also presented under financing fees is amortization of deferred finance fees of \$31,277 (2019 - \$10,029) for the three months and \$63,536 (2019 - \$40,117) for the six months ended September 30, 2020.

a) Mortgage payable

On April 29, 2020, the Company amended the mortgage with Moskowitz increasing the interest rate to the greater of 12.5% or Bank of Nova Scotia prime rate plus 10.05% per annum revised from the greater of 8.5% or Bank of Nova Scotia prime rate plus 5.05% per annum. As the terms of the amendment to the mortgage were not substantially different from the terms of the previously existing mortgage, the amendment was determined to be a modification of debt. As a result, a loss on modification of long-term debt totalling \$477,810 was recognized during the six months ended September 30, 2020. Deferred financing charges of \$85,000 related to the loan amendment fees were recorded and are amortized over the remaining term of the mortgage.

The mortgage is secured by the Company's production facility and the adjacent lands.

The Company is not in compliance with terms and conditions of certain of its long-term debt agreements and has classified amounts outstanding under these agreements to current portion of long-term debt.

7. Share capital

a) Common shares

i) Authorized

Unlimited number of common shares without par value

ii) Issued and outstanding common shares

	Shares	Amount
Balance March 31, 2019	268,835,143	\$ 109,030,850
Warrant exercises	6,237,613	2,067,038
Stock option exercises	147,000	188,320
Shares issued for services	1,860,309	1,176,557
Shares issued for debt	406,271	178,307
Shares issued under At-the-Market facility	43,000	7,715
Warrant issuance	-	(174,026)
Balance March 31, 2020	277,529,336	\$ 112,474,761
Shares issued under brokered placement	28,750,000	5,750,000
Shares issued for services	1,798,359	322,863
Shares for debt	7,940,528	220,370
Units for debt	-	1,208,924
Shares issued under At-the-market facility	5,582,400	880,605
Finder's units	-	(384,745)
Warrant issuance	-	(3,220,000)
Share issue costs	-	(831,665)
Warrant extension	-	(610,247)
Balance September 30, 2020	321,600,623	\$ 115,810,866

Radiant Technologies Inc.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2020

(Unaudited)

7. Share capital (cont'd)

b) Placements

The Company completed a brokered placement on May 26, 2020. The placement was completed in a unit offering consisting of one common share and one common share purchase warrant. Each common share purchase warrant is exercisable for one common share.

Details of the placement and the number of units issued during the six months ended September 30, 2020 are shown below:

Placement closing date	May 26, 2020
Issue price per unit	\$ 0.20
Common shares issued	28,750,000
Warrants issued	28,750,000
Warrant exercise price	\$ 0.30
Warrant term in months	36
Cash proceeds summary:	
Gross proceeds	\$ 5,750,000
Cash issuance costs	(824,637)
Net cash proceeds on issuance	\$ 4,925,363
Fair value of finders' options	(384,745)
Fair value on warrant issuance	(3,220,000)
Net value allocated to common shares	\$ 1,320,618

A summary of the assumptions used for the placement is set out below:

Placement closing date	(1) May 26, 2020
Common share purchase warrants	
Common share market price	\$ 0.30
Risk free interest rate	1.75%
Expected dividend yield	-
Estimated common share price volatility	114%
Estimated life in months	36

Radiant Technologies Inc.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2020

(Unaudited)

7. Share capital (cont'd)

b) Placements (cont'd)

Finder's options

As part of the brokered placement on May 26, 2020, the Company also issued finder's options to certain finders that entitled them to acquire 1,630,275 units at an exercise price of \$0.20 for a period of 36 months following the completion of the offering. If exercised, these units would include 1,630,275 common shares and 1,630,275 common share purchase warrants entitling the holder to subscribe for additional common shares at a price of \$0.30 per common share for a period of 36 months. The common share finders' options were allocated a portion of the gross proceeds based upon their relative fair value at the date of issuance. A total of \$384,745 was recorded as share issue costs as of September 30, 2020 (\$202,154 allocated to common shares and \$182,591 to common share purchase warrants). Black-Scholes option pricing valuation model was utilized to value options. As summary for each component is set out below:

	May 26, 2020
Finders' options	
Common share market price	\$ 0.20
Risk free interest rate	1.75%
Expected dividend yield	0%
Estimated common share price volatility	114%
Estimated life in years	3

	May 26, 2020
Finders' warrants	
Common share market price	\$ 0.30
Risk free interest rate	1.75%
Expected dividend yield	0%
Estimated common share price volatility	114%
Estimated life in years	3

If exercised, the options outstanding at September 30, 2020 of 3,254,565 would include 3,254,565 common shares and 2,442,420 common share purchase warrants.

Radiant Technologies Inc.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2020
(Unaudited)

7. Share capital (cont'd)

b) Placements (cont'd)

The continuity of the Company's outstanding finders' options is as follows:

	Six months ended September 30, 2020		Year ended March 31, 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	1,624,290	\$ 1.20	1,624,290	\$ 1.20
Finders' options issued	1,630,275	0.20	-	-
Finders' options expired	(1,624,290)	1.20		
Outstanding, end of period	1,630,275	\$ 0.20	1,624,290	\$ 1.20

There were no finders' options exercised during the six months ended September 30, 2020.

Shares and units issued for debt

During the six months ended September 30, 2020, the Company issued 1,224,276 shares of the Company to settle outstanding debt of \$202,005.

During the six months ended September 30, 2020, the Company issued 6,716,252 units of the Company to settle outstanding debt of \$1,108,182. Each unit consists of one share and one-half common share purchase warrant. Each warrant is convertible to one share at a share exercise price of \$0.30 and expires 24 months following the grant of such warrant. The Company recorded a loss on settlement of debt of \$404,549. The common share purchase warrants were valued using Black Scholes using the following assumptions:

	June 8, 2020
Common share purchase warrants	
Common share market price	\$ 0.30
Risk free interest rate	0.25%
Expected dividend yield	0%
Estimated common share price volatility	114%
Estimated life in years	2

Share issue costs include \$7,378 of costs incurred related to the issuance of these shares and units.

During the year ended March 31, 2019, the Company issued 35,236 common shares on November 8, 2018 at a share price of \$0.93 to an arm's length third party creditor, to settle outstanding debt of \$32,769. Share issue costs include \$664 of costs incurred related to the issuance of these shares.

Radiant Technologies Inc.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2020

(Unaudited)

7. Share capital (cont'd)

b) Placements (cont'd)

Shares for services

The Company has approved multiple shares for service agreements with third parties in exchange for consulting services. Pursuant to the terms of the agreements the Company may issue common shares in exchange for a maximum amount of services provided. The number of shares to be issued and the issuance price of these shares will vary based on the terms of the agreements. Per the terms of the agreements on December 1, 2018, December 6, 2017, November 28, 2017 and August 28, 2017, the number of shares will be issued quarterly based on the closing price of the Company's shares on the last trading day each quarter. Per the terms of the agreement on January 1, 2019, the number of shares will be issued monthly and the issue price of these shares will be the greater of (i) the 15 day VWAP share trading price of the shares on the TSXV on the last financial trading day of the relevant month; (ii) the "Discounted Market Price" (as defined in the policies of the TSXV) on the last financial trading day of the relevant month. The agreements were approved by the TSXV and will be subject to approval for each successive 2-year renewal term.

The Company no longer has services provided under the agreement dated December 1, 2018.

Details of the agreements and the number of shares issued during the six months ended September 30, 2020 and the year ended March 31, 2020 are shown below:

Shares issued for the six months ended September 30, 2020

Agreement issue date		Jan 1, 2019
Maximum services amount	\$	585,000 GBP
Common shares issued		1,798,359
Value of services (contract currency)	\$	186,250 GBP
Value of services (CAD)	\$	322,863 CAD
Weighted average issue price per common share	\$	0.18 CAD
Balance included in accounts payable and accrued liabilities		
Contract currency	\$	nil GBP
CAD	\$	nil CAD

Radiant Technologies Inc.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2020
(Unaudited)

7. Share capital (cont'd)

b) Placements (cont'd)

Shares issued for the year ended March 31, 2020

Agreement issue date	Dec 1, 2018	Jan 1, 2019	Total
Maximum services amount	\$ 27,000 USD	\$ 585,000 GBP	
Common shares issued	14,000	1,846,309	1,860,309
Value of services (contract currency)	\$ 9,369 USD	\$ 682,500 GBP ⁽¹⁾	
Value of services (CAD)	\$ 13,080 CAD	\$ 1,163,477 CAD	\$ 1,176,577 CAD
Weighted average issue price per common share	\$ 0.93 CAD	\$ 0.63 CAD	
Balance included in accounts payable and accrued liabilities			
Contract currency	\$ 2,853 USD	\$ 48,750 GBP	
CAD	\$ 4,061 CAD	\$ 84,497 CAD	\$ 88,558 CAD

Notes: (1) The maximum under the agreement relates to the fiscal year. During the year ended March 31, 2020, the Company issued shares for services in the 4th quarter of 2019 in the first quarter of 2020 in addition to the annual maximum.

Share issue costs include \$nil for the three and six months ended September 30, 2020 (\$2,770 for the year ended March 31, 2020).

At-the-Market (ATM) Facility

During the year ended March 31, 2020, the Company entered into a Controlled Equity Offering Sales Agreement with National Bank Financial Inc. (National Bank) pursuant to which the Company sold common shares through ATM offerings with National Bank acting as sales agent. Pursuant to Canadian securities rules, the Company is limited to raising \$9,400,000 under this specific ATM offering. For the six months ended September 30, 2020, the Company issued 5,582,400 common shares, receiving gross proceeds of \$880,605. Share issue costs for the six months ended September 30, 2020 were \$38,449 and included a 2% commission of \$21,227 paid to the agent and professional fees and filing fees of \$17,222 directly related to the ATM. Share issue costs for the year ended March 31, 2020 were \$159,129 and included a 2% commission of \$154 paid to the agent.

Radiant Technologies Inc.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2020

(Unaudited)

7. Share capital (cont'd)

c) Warrants

The continuity of the Company's outstanding warrants is as follows:

	Six months ended September 30, 2020		Year ended March 31, 2020	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding, beginning of period	24,826,803	\$ 0.98	35,275,055	\$ 0.95
Warrants issued	32,108,127	0.30	581,250	0.70
Warrants exercised	-	-	(6,237,613)	0.26
Warrants expired	(14,251,149)	1.50	(4,791,889)	1.63
Outstanding, end of period	42,683,781	\$ 0.29	24,826,803	\$ 0.98

During the six months ended September 30, 2020, the Company extended the expiry date of certain warrants. The warrants were extended by an additional 12 months. The Black-Scholes Option Pricing model was used to determine the fair value immediately prior to and immediately subsequent to the extension. This resulted in a change in value of \$610,247 which is reflected on the interim consolidated statement of changes in equity. The inputs were as follows:

	1,070,712 warrants expiring April 14, 2020	3,051,310 warrants expiring June 2, 2020	5,872,382 warrants expiring June 22, 2020
Common share price	\$ 0.17	\$ 0.19	\$ 0.19
Exercise price	0.25	0.25	0.25
Expected term	0.04	0.082	0.082
Risk free interest rate	1.50%	1.50%	1.50%
Expected dividend yield	-	-	-
Estimated common share price volatility	109%	109%	109%
Immediately after extension			
Common share price	\$ 0.17	\$ 0.19	\$ 0.19
Exercise price	0.25	0.25	0.25
Expected term	1.04	1.082	1.082
Risk free interest rate	1.50%	1.50%	1.50%
Expected dividend yield	-	-	-
Estimated common share price volatility	109%	109%	109%

For the year ended March 31, 2020, the Company issued 581,250 warrants as part of a debenture financing. The fair value of the warrants for the year ended March 31, 2020 of \$90,675 was determined using a Black-Scholes option pricing valuation model with the following assumptions:

	March 4, 2020
Warrants	
Common share market price	\$ 0.34
Risk free interest rate	1.5%
Expected dividend yield	0%
Estimated common share price volatility	119.7%
Estimated life in years	2

Radiant Technologies Inc.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2020

(Unaudited)

7. Share capital (cont'd)

c) Warrants (cont'd)

During the six months ended September 30, 2020, no warrant holders exercised warrants.

The following table summarizes information about warrants outstanding as at September 30, 2020 and March 31, 2020.

September 30, 2020			March 31, 2020		
Exercise price	Number of warrants	Remaining contractual life (years)	Exercise Price	Number of warrants	Remaining contractual life (years)
0.25	1,070,712	0.5	0.25	1,070,712	0.04
0.25	3,051,310	0.7	0.25	3,051,310	0.2
0.25	5,872,382	0.7	0.25	5,872,382	0.2
1.50	-	0.1	1.50	14,251,149	0.3
0.70	581,250	1.4	0.70	581,250	1.9
0.30	3,358,127	1.7	-	-	-
0.30	28,750,000	2.6	-	-	-
\$ 0.98	42,683,781	2.1	\$ 0.98	24,826,803	0.3

d) Stock option plan

The Company's stock option plan (the "Stock Option Plan") provides that the Board of Directors of the Corporation may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding common shares exercisable for the period of up to ten (10) years.

In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding common shares. The Board of Directors determines the price per common share and the number of common shares which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of the TSXV. Options have been issued with vesting periods of immediate to 4 years with terms between 2 and 10 years.

The continuity of the Company's outstanding and exercisable stock options is as follows:

	Six months ended September 30, 2020		Six months ended September 30, 2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	24,417,025	\$ 1.00	24,322,150	\$ 1.03
Options granted	2,125,000	0.18	470,000	0.93
Options exercised	-	-	(147,000)	0.69
Options forfeited	(1,909,375)	1.22	(1,400,000)	1.20
Outstanding, end of period	24,632,650	\$ 0.92	23,245,150	\$ 1.03
Exercisable, end of period	22,151,401	\$ 0.93	19,603,402	\$ 0.95

Radiant Technologies Inc.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2020
(Unaudited)

7. Share capital (cont'd)

d) Stock option plan (cont'd)

The following tables summarize information about stock options granted during the six months ended September 30, 2020 and September 30, 2019. The weighted average grant date fair value was estimated using the Black Scholes option pricing model using the following grant date assumptions:

Options granted for the six months ended September 30, 2020

Original grant date	May 28, 2020
Options granted:	
Options granted	2,125,000
Exercise price	\$ 0.175
Weighted average grant date fair value	\$ 0.137
Assumptions used:	
Grant date stock price	May 28, 2020
Risk free interest rate	0.5%
Expected dividend yield	-
Estimated common share price volatility	109%
Estimated life in years	5

Options granted for the six months ended September 30, 2019

Original grant date	June 5, 2019
Options granted:	
Options granted	470,000
Exercise price	\$ 0.93
Weighted average grant date fair value	\$ 0.74
Assumptions used:	
Grant date stock price	June 5, 2019
Risk free interest rate	2.25%
Expected dividend yield	-
Estimated common share price volatility	109%
Estimated life in years	5

For stock options granted, the Company records compensation expense using the fair value method. Fair values are determined using the Black-Scholes Option pricing model. Compensation costs are recognized over the vesting period as an increase to share based payments expense and contributed surplus. When stock options are subsequently exercised, the fair-value of such stock options in contributed surplus is credited to share capital.

The estimated volatility is based on the Company's historic volatility since May 22, 2014.

Radiant Technologies Inc.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2020

(Unaudited)

7. Share capital (cont'd)

d) Stock option plan (cont'd)

The following table summarizes information about stock options outstanding as at September 30, 2020 and March 31, 2020:

September 30, 2020			March 31, 2020		
Exercise price	Number of options	Remaining contractual life (years)	Exercise price	Number of options	Remaining contractual life (years)
\$ 1.00	51,428	1.1	\$ 1.00	51,428	1.6
0.66	4,986,519	1.5	0.66	5,086,519	2.0
0.50	550,000	1.9	0.50	550,000	2.4
1.82	778,000	2.2	1.82	1,028,000	2.7
1.20	862,500	2.7	1.20	1,275,000	3.2
0.60	3,340	2.9	0.60	3,340	3.4
1.82	3,575,000	3.0	1.82	3,900,000	3.5
0.87	7,790,000	3.2	0.87	8,340,000	3.7
0.93	775,000	3.4	0.93	946,875	3.9
0.60	15,863	3.5	0.60	15,863	4.0
0.93	370,000	3.7	0.93	470,000	4.2
0.75	1,500,000	3.7	0.75	1,500,000	4.2
0.58	750,000	4.1	0.58	750,000	4.6
0.37	500,000	4.4	0.37	500,000	4.9
0.175	2,125,000	4.7	-	-	-
\$ 1.00	24,632,650	3.0	\$ 1.00	24,417,025	3.3

Total share-based payments recognized for the three months ended September 30 were recorded as an expense recovery of \$73,374 (2019 - \$623,094 expense). Total share-based payments recognized for the six months ended September 30, 2020 of \$143,263 (2019 - \$1,460,241) were recorded as an expense.

8. Commitments for expenditures

The Company has entered into various non-cancellable commitments with contract terms ranging between one and five years as follows:

	September 30, 2020	March 31, 2020
Capital expansion projects	\$ 1,340,542	\$ 1,766,241
Leases not yet commenced	130,500	130,500
Variable lease payments for lease liabilities	1,604,875	1,827,003
Network services contracts	165,080	202,198
Purchase and retrofitting of equipment	105,536	144,616
Maintenance contracts	12,567	18,088
	\$ 3,359,100	\$ 4,088,646

Radiant Technologies Inc.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2020

(Unaudited)

9. Related party transactions

The Company's related parties are its Board of Directors, key management personnel (President and Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Chief Technology Officer) and Aurora Cannabis Inc. ("Aurora"), as well as any companies controlled by key management personnel or directors. Transactions conducted with related parties took place in the normal course of operations and are measured at the amount of consideration established and agreed to by the related parties.

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

a) Key management personnel and director remuneration

The remuneration of directors and key management personnel follows:

	Three months ended September 30		Six months ended September 30	
	2020	2019	2020	2019
Compensation	\$ 679,759	\$ 235,808	\$ 920,184	\$ 491,482
Short-term benefits	11,040	13,202	23,329	24,264
Share-based compensation	(165,087)	358,119	(48,931)	716,510
	<u>\$ 525,712</u>	<u>\$ 607,129</u>	<u>\$ 894,582</u>	<u>\$ 1,232,256</u>

Compensation includes key management salaries, severance, consulting fees and director's fees.

As at September 30, 2020, \$693,260 (March 31, 2020 - \$457,751) was included in accounts payable and accrued expenses for amounts owing to key management personnel, directors and companies controlled by key management personnel or directors.

b) Aurora Cannabis Inc. "Aurora"

As at September 30, 2020, Aurora held 33,101,542 shares in the Company resulting in an effective ownership of 10.3% of all issued and outstanding shares. As at March 31, 2020, \$480,042 was included in accounts receivable and as at September 30, 2020, \$nil was included. As at September 30, 2020 and March 31, 2020, \$3,187,315 was included in accounts payable for amounts owing to Aurora.

c) Equity transactions

i) During the three and six months ended September 30, 2020

During the six months ended September 30, 2020 certain directors and officers were issued 841,585 shares for settlement of debts outstanding of \$138,861. Certain officers participated in the brokered placement on May 26, 2020 and were issued 300,000 units for gross proceeds of \$55,000. The officers were also issued 300,000 warrants under the terms of the placement. There was no activity in the three months ended September 30, 2020.

ii) During the three and six months ended September 30, 2019

There was no activity during the three and six months ended September 30, 2019.

Radiant Technologies Inc.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2020
(Unaudited)

9. Related party transactions (cont'd)

d) Services provided

i) During the three and six months ended September 30, 2020

A property management company owned by a director received \$23,691 for the three months and \$38,291 for the six months ended September 30, 2020 (net of Canadian emergency commercial rent assistance) for rental lease payments and operating costs associated with the rental of a warehouse required by the Company.

ii) During the three and six months ended September 30, 2019

A property management company owned by a director received \$59,708 for the three months and \$111,463 for the six months ended September 30, 2019 for rental lease payments and operating costs associated with the rental of a warehouse required by the Company.

e) Loans and cash advances

i) During the three and six months ended September 30, 2020

A director of the Company advanced \$2,500,000 of demand loan to the Company during the year ended March 31, 2020. The loan is secured by a second charge on the land and property of the Company and bear interest at 21.0%. Total interest was recorded in the three and six months ended September 30, 2020 is \$318,741 and \$635,154 respectively.

10. Financing fees

	Three months ended September 30		Six months ended September 30	
	2020	2019	2020	2019
Interest on long-term debt	\$ 168,376	\$ 129,384	\$ 335,062	\$ 214,953
Interest on lease obligations	17,509	10,896	40,999	18,910
Interest on short term borrowings	318,741	-	635,154	-
Amortization of financing costs on long-term debt	31,277	10,029	63,537	40,117
Amortization of financing costs on short term borrowings	-	-	73,729	-
Other	(940)	(18)	(940)	(18)
	\$ 534,963	\$ 150,291	\$ 1,147,541	\$ 273,962

Radiant Technologies Inc.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2020

(Unaudited)

11. Financial instruments

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting its financial obligations.

The Company manages its liquidity risk by forecasting cash flow requirements for its planned development, production and corporate activities and anticipating investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of annual budgets and significant expenditures and commitments. The Company has disclosed (Note 1) that continuation as a going concern is dependent on obtaining sufficient funds to discharge contractual liabilities as well as funding continuing operations.

The Company's contractual liabilities and obligations are as follows:

	<1 year	1 to 3 years	4 to 5 years	>5 years	Total
Accounts payable and accrued liabilities	\$ 15,463,264	\$ -	\$ -	\$ -	\$ 15,463,264
Facility construction liabilities	8,382,662	-	-	-	8,382,662
Short term borrowings	2,820,517	-	-	-	2,820,517
Long-term debt	4,981,083	8,588,542	-	-	13,569,625
Lease liabilities	575,279	844,005	595,386	-	2,014,670
Balance September 30, 2020	\$ 32,222,805	\$ 9,432,547	\$ 595,386	\$ -	\$ 42,250,738
Accounts payable and accrued liabilities	\$ 15,341,446	\$ -	\$ -	\$ -	\$ 15,341,446
Facility construction liabilities	8,569,340	-	-	-	8,569,340
Short term borrowings	2,426,271	-	-	-	2,300,000
Long-term debt	4,338,093	9,017,500	-	-	13,355,593
Lease obligations	460,601	420,693	73,293	-	954,587
Balance March 31, 2020	\$ 31,009,480	\$ 9,438,193	\$ 73,293	\$ -	\$ 40,520,966

The contractual liabilities and obligations included in the tables above include both principal and interest cash flows.

12. Employee salaries and benefits

	Three months ended September 30		Six months ended September 30	
	2020	2019	2020	2019
Included in:				
Cost of revenues	\$ 9,767	\$ 121,988	\$ 35,484	\$ 150,136
General and administrative	482,678	503,532	634,911	1,000,819
Production plant	128,808	379,459	194,144	824,274
Process development	150,621	366,318	267,463	695,275
Engineering	185,696	372,343	383,556	692,884
Quality control and assurance	81,057	183,406	120,169	440,280
Business development	19,379	55,567	34,433	105,655
Research and development	16,042	25,857	40,130	68,678
Total employee salaries and benefits	\$ 1,074,048	\$ 2,008,470	\$ 1,710,290	\$ 3,978,001

Employee salaries and benefits are net of funding received under the emergency wage subsidy programs in Canada and Germany of \$430,290 (2019- \$nil) for the three months and \$848,929 (2019 - \$nil) for the six months ended September 30, 2020.

Radiant Technologies Inc.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2020

(Unaudited)

13. Comparative figures

The Company reclassified amounts in the Consolidated Statement of Operations and Comprehensive Loss relating to research and development, product development, business development and corporate development to present these costs consistently with the current fiscal year. The 2019 comparatives have been reclassified as follows:

Three ended September 30, 2019	Previously presented	Reclassification	Amount after reclassification
Expenses			
Product Development	620,867	101,681	722,548
Research and Development	84,535	(101,681)	-
Business Development	131,438	249,602	381,040
Corporate Development	249,602	(249,602)	-
Six months ended September 30, 2019	Previously presented	Reclassification	Amount after reclassification
Expenses			
Product Development	1,239,994	186,216	1,426,210
Research and Development	186,216	(186,216)	-
Business Development	288,063	508,200	796,263
Corporate Development	508,200	(508,200)	-

The reclassifications presented in the table above did not impact the net earnings of the Company for the three and six months ended September 30, 2019.

14. Post-reporting date events

Private Placement

Subsequent to September 30, 2020, the Company issued 9,050,000 shares under a private placement agreement for gross proceeds of \$905,000