

INDVR Brands Inc.

(formerly Cannabis One Holdings Inc.)

Condensed Interim Consolidated Financial Statements

For the nine months ended

October 31, 2020

Unaudited – Prepared by Management

(Expressed in U.S. Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of INDVR Brands Inc. (“the Company”) for the nine months ended October 31, 2020 and the ten months ended October 31, 2019, have been prepared by the management of the Company and approved by the Company’s Audit Committee and the Company’s Board of Directors.

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company’s management. The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by CPA Canada for a review of the condensed interim financial statements by an entity’s auditor.

INDVR Brands Inc. (Cannabis One Holdings Inc.)
Condensed Interim Consolidated Statements of Financial Position
(Expressed in United States Dollars)

As at October 31, 2020 and January 31, 2020

	Note	October 31, 2020 \$	January 31, 2020 \$
Assets			
Current assets			
Cash		59,360	141,674
Receivables	15,17	602,848	619,594
Leases receivable	6,15	48,623	118,569
Loans receivable	7	138,390	-
Prepaid expenses		15,010	100,786
		864,231	980,623
Non-current assets			
Deposits		59,500	89,500
Receivables	15,17	1,206,823	1,148,558
Leases receivable	6,15	626,448	665,462
Loans receivable	7,15	-	108,520
Property and equipment	9	5,077,485	4,523,557
Intangible assets	10	1,311,116	1,568,600
		8,281,372	8,104,197
Total assets		9,145,603	9,084,820
Liabilities and shareholders' equity			
Current liabilities			
Trade and other payables	15	2,323,605	2,314,329
Lease liabilities	9	583,378	369,093
Loans payable	11	820,600	412,000
Other liabilities	12,15	-	82,650
Tenant deposits		165,000	165,000
		3,892,583	3,343,072
Non-current liabilities			
Lease liabilities	9	2,336,728	1,800,614
Total liabilities		6,229,311	5,143,686
Shareholders' equity			
Share capital	13	24,810,083	24,037,038
Subscriptions receivable		-	(244,682)
Reserves	13	2,432,603	4,039,696
Accumulated other comprehensive income (loss)		17,827	(30,779)
Deficit		(24,344,221)	(23,860,139)
Total shareholders' equity		2,916,292	3,941,134
Total liabilities and shareholders' equity		9,145,603	9,084,820
Nature of operations and going concern	1		
Commitments and contingencies	20		
Subsequent events	22		

Approved on behalf of the Board of Directors on December 18, 2020 by:

"Alnoor Nathoo" Director

"Joshua Mann" Director

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

INDVR Brands Inc. (Cannabis One Holdings Inc.)
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in United States Dollars)

For the three and nine months ended October 31, 2020 and three and ten months ended October 31, 2019

		Three Months ended October 31, 2020	Three Months ended October 31, 2019	Nine Months ended October 31, 2020	Ten Months ended October 31, 2019
	Note	\$	\$	\$	\$
Revenue					
Lease and rental income	6,15	266,060	119,277	751,415	562,576
Product returns	15	-	(628,112)	-	(296,321)
Royalty income, net		15,411	-	34,060	-
Total revenue (net returns)		281,471	(508,835)	785,475	266,255
Cost of sales					
Lease expenses		-	9,300	7,028	30,020
Product expenses		-	5,609	-	141,418
Total cost of sales		-	(14,909)	(7,028)	(171,438)
Net service (loss) income	15,18	(90,981)	(134,493)	(152,498)	242,576
Gross profit (loss)		190,490	(658,237)	625,949	337,393
Operating expenses					
Amortization of intangible assets	10	85,828	70,461	257,484	211,385
Consulting fees	15	101,167	196,800	247,057	567,478
Depreciation	9	189,325	240,762	592,440	757,780
Finance costs	9	73,387	78,411	209,974	269,393
General and administrative		3,238	29,664	136,491	204,873
Information technology and software		16,241	42,734	30,432	204,578
Investor relations		48,459	251,905	119,284	1,430,695
Management fees	15	80,420	51,000	557,776	178,202
Professional fees		32,411	98,335	330,705	613,896
Salaries and benefits		25,201	-	25,201	-
Share-based payments	13,15	50,338	190,652	171,698	1,212,438
Transfer agent and filing fees		6,955	25,163	29,499	64,157
Travel		370	47,621	30,628	174,952
Total operating expenses		(713,340)	(1,323,508)	(2,738,669)	(5,889,827)
Loss from operations		(522,850)	(1,981,745)	(2,112,720)	(5,552,434)
Other (expenses) income					
Interest income (expense)	15	3,793	(27,606)	(36,477)	(1,822)
Loss provision on trade receivables	16(b)	-	(252,050)	(42,291)	(252,050)
Gain on change in fair value of warrant liability, net	13(c)	-	35,000	-	52,000
Reversal (loss) on provision for contingencies	20(b)	181,568	-	(68,432)	-
Gain on change in fair value of contingent consideration	5	-	1,370,775	-	1,370,775
Listing expense	3	-	-	-	(8,013,023)
Loss for the period		(337,489)	(855,626)	(2,259,920)	(12,396,554)
Other comprehensive income					
Foreign currency translation (loss) income		(359)	(57,364)	48,606	(35,459)
Loss and comprehensive loss for the period		(337,848)	(912,990)	(2,211,314)	(12,432,013)
Loss per share					
Weighted average number of common shares outstanding					
- Basic #		108,582,538	80,681,894	99,926,830	75,260,726
- Diluted #		108,582,538	80,681,894	99,926,830	75,260,726
Basic loss per share		(0.00)	(0.01)	(0.02)	(0.16)
Diluted loss per share		(0.00)	(0.01)	(0.02)	(0.16)

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

INDVR Brands Inc. (Cannabis One Holdings Inc.)
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Expressed in United States Dollars)
For the nine months ended October 31, 2020 and ten months ended October 31, 2019

	Number of Shares			Share capital							Accumulated other comprehensive income (loss)	Deficit	Total
	Common Shares	Class A Subordinated Voting Shares	Class B Super Voting Shares	Common Shares	Class A Subordinated Voting Shares	Class B Super Voting Shares	Subscriptions receivable	Commitment to issue shares and warrants	Reserves				
	#	#	#	\$	\$	\$		\$	\$	\$			
December 31, 2018	53,726,753	-	-	10,352,917	-	-	-	95,600	51,000	-	(2,448,280)	8,051,237	
January 1, 2019, as previously reported	53,726,753	-	-	10,352,917	-	-	-	95,600	51,000	-	(2,448,280)	8,051,237	
Impact of change in accounting policy	-	-	-	-	-	-	-	-	-	-	(182,654)	(182,654)	
January 1, 2019, adjusted balance	53,726,753	-	-	10,352,917	-	-	-	95,600	51,000	-	(2,630,934)	7,868,583	
Reverse acquisition transaction (Note 3):													
Issuance of shares pursuant to reverse acquisition	15,202,314	-	-	-	4,816,619	960,260	-	-	-	-	-	5,776,879	
Re-designation of shares issued pursuant to reverse acquisition	(15,202,314)	34,562,241	3,436,683	-	-	-	-	-	-	-	-	-	
Re-designation of Bertram share capital on reverse acquisition	(53,726,753)	-	-	(10,352,917)	5,151,069	5,201,848	-	-	-	-	-	-	
Finders' warrants issued	-	-	-	-	-	-	-	-	316,000	-	-	316,000	
Warrants classified as warrant liability	-	-	-	-	-	-	-	-	(47,000)	-	-	(47,000)	
Options and warrants assumed from Metropolitan	-	-	-	-	-	-	-	-	2,570,000	-	-	2,570,000	
Shares issued for cash proceeds:													
Issuance of units for cash - private placement	-	3,075,000	136,499	-	894,581	416,191	(244,682)	-	50,050	-	-	1,116,140	
Issuance of shares for cash - warrants exercised	-	3,582,583	42,800	-	884,658	241,725	-	-	-	-	-	1,126,383	
Issuance of shares for cash - options exercised	-	33,334	-	-	14,918	-	-	-	-	-	-	14,918	
Re-allocated on exercise of options	-	-	-	-	10,164	-	-	-	(10,164)	-	-	-	
Share issue costs - cash	-	-	-	-	(13,554)	-	-	-	-	-	-	(13,554)	
Shares issued as non-cash consideration and on conversions:													
Issuance of shares for services accrued	-	-	26,675	-	-	95,600	-	(95,600)	-	-	-	-	
Issuance of shares on acquisition - Fat Face Farms	-	-	37,358	-	-	1,100,000	-	-	-	-	-	1,100,000	
Issuance of shares on acquisition - Honu Enterprises	-	-	87,802	-	-	2,610,178	-	-	-	-	-	2,610,178	
Issuance of units for cash - private placement	-	-	-	-	-	-	-	-	-	-	-	-	
Conversion of Class B SVS Shares to Class A SUB Shares	-	6,114,040	(611,404)	-	-	-	-	-	-	-	-	-	
Share-based payments (Note 13(a)(b))	-	1,955,347	224,400	-	743,325	853,058	-	-	1,212,438	-	-	2,808,821	
Foreign currency translation adjustment	-	-	-	-	-	-	-	-	-	(35,459)	-	(35,459)	
Loss for the period	-	-	-	-	-	-	-	-	-	-	(12,396,554)	(12,396,554)	
October 31, 2019	-	49,322,545	3,380,813	-	12,501,780	11,478,860	(244,682)	-	4,142,324	(35,459)	(15,027,488)	12,815,335	
January 31, 2020	-	51,901,743	3,171,591	-	12,558,178	11,478,860	(244,682)	-	4,039,696	(30,779)	(23,860,139)	3,941,134	
Issuance of units for private placement	-	7,629,365	1,733,552	-	369,724	840,091	-	-	-	-	-	1,209,815	
Share issue costs - cash	-	-	-	-	(3,791)	-	-	-	-	-	-	(3,791)	
Repurchase of shares issued - to be returned to treasury	-	-	-	-	(435,932)	-	244,682	-	-	-	-	(191,250)	
Conversion of Class B SVS Shares to Class A SUB Shares	-	3,127,680	(312,768)	-	-	-	-	-	-	-	-	-	
Share-based payments (Note 13(b))	-	-	-	-	-	-	-	-	171,698	-	-	171,698	
Re-allocated on cancellation of options	-	-	-	-	-	-	-	-	(23,691)	-	23,691	-	
Re-allocated on expiry of warrants	-	-	-	-	2,953	-	-	-	(1,755,100)	-	1,752,147	-	
Foreign currency translation adjustment	-	-	-	-	-	-	-	-	-	48,606	-	48,606	
Loss for the period	-	-	-	-	-	-	-	-	-	-	(2,259,920)	(2,259,920)	
October 31, 2020	-	62,658,788	4,592,375	-	12,491,132	12,318,951	-	-	2,432,603	17,827	(24,344,221)	2,916,292	

Approved on behalf of the Board of Directors on December 18, 2020 by:

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

INDVR Brands Inc. (Cannabis One Holdings Inc.)
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in U.S. Dollars)

For the nine months ended October 31, 2020 and ten months ended October 31, 2019

	Note	October 31, 2020 \$	October 31, 2019 \$
Operating activities:			
Loss and comprehensive loss for the period		(2,259,920)	(12,396,554)
Adjustments for:			
Amortization of intangible assets		257,484	211,385
Depreciation		592,440	757,780
Finance costs		209,974	269,393
Share-based payments		171,698	1,212,438
Interest expense - reversal, net		(22,495)	(23,911)
Loss provision on trade receivables		42,291	252,050
Gain on change in fair value of warrant liability, net		-	(52,000)
Loss on provision for contingencies		(68,432)	-
Gain on change in fair value of contingent consideration		-	(1,370,775)
Listing expense - non-cash portion		-	7,751,069
Changes in non-cash working capital items:			
Receivables		(82,202)	(2,279,891)
Leases receivable		108,960	(372,736)
Inventory		-	(118,094)
Prepaid expenses		86,019	(120,733)
Deposits		30,000	(10,000)
Trade and other payables		532,395	800,799
		(401,788)	(5,489,780)
Investing activities:			
Cash acquired on reverse acquisition	3	-	1,114,974
Funds advanced for loan receivable, net of repayments	7	(19,375)	-
Purchases of property and equipment		(289,175)	(1,193,676)
		(308,550)	(78,702)
Financing activities:			
Lease payments	9	(369,875)	(323,689)
Proceeds from loan	11	820,600	-
Proceeds from issuance of units/shares		332,653	2,257,441
Share issue costs		(3,791)	(13,554)
Repurchase of shares issued - to be returned to treasury	13	(191,250)	-
		588,337	1,920,198
Change in cash		(122,001)	(3,648,284)
Effect of foreign exchange on cash		39,687	(32,945)
Cash, beginning of period		141,674	3,759,457
Cash, end of period		59,360	78,228
Income taxes paid		\$ -	\$ -
Interest paid		\$ -	\$ 148,070

Approved on behalf of the Board of Directors on December 18, 2020 by:

Supplemental cash flow information

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

INDVR Brands Inc. (formerly Cannabis One Holdings Inc.)
Notes to the Condensed Interim Consolidated Financial Statements
For the nine months ended October 31, 2020 and ten months ended October 31, 2019
(Unaudited – Prepared by Management)
(Expressed in United States Dollars)

1. Nature of operations and going concern

INDVR Brands Inc. (formerly Cannabis One Holdings Inc., and Metropolitan Energy Corp. prior thereto) (“INDVR”, “Metropolitan”, or the “Company”) was incorporated on July 16, 2007, under the *Business Corporations Act* (British Columbia). On November 8, 2018, the Company changed its name to Cannabis One Holdings Inc. (“Cannabis One”), and further on August 14, 2020, the Company changed its name to INDVR Brands Inc. The Company’s head office is located at 10th Floor, 207 9 Avenue SW, Calgary, Alberta, T2P 1K3. The Company’s registered office address is 789 West Pender Street Suite, 1080, Vancouver, BC, V6C 1H2. The Class A SUB Shares of the Company trade on the Canadian Securities Exchange (the “CSE”) under the symbol “IDVR” (formerly “CBIS”).

The Company is focused on providing personnel and management resources as well as infrastructure and equipment for use in the production, cultivation and dispensary operations of licensed cannabis businesses. The Company itself does not directly produce or sell cannabis products but rather provides support services to licensed cannabis businesses. The Company currently operates in recreational cannabis sectors in Washington, Oregon and Colorado where the legal commercial production and vending of cannabis is permitted by state laws.

On February 25, 2019, Metropolitan completed an acquisition of Bertram Capital Finance, Inc. (“Bertram”) a private management services company for licensed cannabis businesses, incorporated in Colorado on February 20, 2015. By way of a Definitive Agreement, Metropolitan acquired, indirectly through its inactive wholly-owned subsidiary Metropolitan Acquisition Corp., incorporated on October 3, 2018 under the laws of Colorado, all the issued and outstanding shares of Bertram in exchange for re-designated Class A Subordinated Voting Shares (“Class A SUB Shares”) and newly-created Class B Super Voting Shares (“Class B SVS Shares”), as applicable, in the capital of Metropolitan pursuant to a merger of Bertram and Metropolitan Acquisition Corp. (the “Transaction”). The Transaction constituted a reverse acquisition (“RTO”) of Metropolitan by the shareholders of Bertram (Note 3). On closing of the RTO, Metropolitan delisted from the NEX board of the TSX Venture Exchange and obtained a listing on the CSE. The Class A SUB Shares of the Company commenced trading on the CSE on February 26, 2019. The Class B SVS Shares of the Company do not trade publicly. Additionally, Metropolitan Acquisition Corp. was dissolved and ceased to exist subsequent to closing of the RTO. On November 21, 2019, Bertram changed its name to Cannabis One U.S., Inc. (“CBIS US”).

These condensed interim consolidated financial statements (the “financial statements”) have been prepared on a going concern basis which assumes that the Company will be able to continue its operations for at least the next twelve months and will be able to realize its assets and discharge its liabilities in the normal course of business.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations currently. There are travel restrictions and health and safety concerns that may delay the Company’s business development activities. Various Government wage and loan subsidies are available to qualified companies to assist them with operating costs during the pandemic, and the various programs are constantly being expanded and relaxed, which may qualify the Company for additional assistance. To date, the Company has qualified for and received an unsecured loan of \$820,600 from the Paycheck Protection Program (the “PPP”), authorized under the Coronavirus Aid, Relief, and Economic Securities (CARES) Act of the United States (Note 11).

The Company’s continuing operations are dependent upon its ability to raise additional financing and generate profitable operations through additional brand licensing (royalty) arrangements, and the completion of additional asset and/or brand acquisitions accompanied by expansion of its brand distribution channels. Additionally, the Company is in the process of completing the acquisition of Cannabis Corp. (details below). During the nine months ended October 31, 2020, the Company incurred a loss of \$2,259,920. As at October 31, 2020, the Company had a working capital deficiency of \$3,028,352, and an accumulated deficit of \$24,344,221. These material uncertainties and conditions may cast significant doubt upon the Company’s ability to continue as a going concern. Historically, the Company has funded its operations primarily through the issuance of equity. There are no assurances that the Company will continue to be successful in securing equity and/or debt financing on favorable terms.

INDVR Brands Inc. (formerly Cannabis One Holdings Inc.)
Notes to the Condensed Interim Consolidated Financial Statements
For the nine months ended October 31, 2020 and ten months ended October 31, 2019
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1. Nature of operations and going concern (continued)

Proposed Transaction – Cannabis Corp.:

On June 8, 2020, the Company entered into a Business Combination Agreement to acquire all the issued and outstanding common shares of Cannabis Corp. by way of a share exchange (the "Transaction"). The Company intends to issue Class B SVS Shares with an aggregate fair value of \$1,800,000 (\$2,500,000 CAD) on closing of the Transaction. Closing of the Transaction is subject to approvals from the Colorado Marijuana Enforcement Division, the City of Denver, and other regulatory and CSE approvals which are ongoing as of the date of these financial statements.

Cannabis Corp. is a Colorado-based cannabis operator that holds licenses to two cultivation facilities in Denver, CO as well as a dispensary in Denver, CO called "The Joint". Cannabis Corp. is a related company as it is jointly owned by the spouse of the former CEO, Director of the Company who resigned from the Company on July 31, 2020.

Legality of Cannabis Operations in the United States:

The Company indirectly derives revenue from the cannabis industry in Washington, Oregon and Colorado. The cannabis industry is illegal under United States federal law. The Company is not directly engaged in the manufacture, importation, possession, use, sale or distribution of cannabis in the recreational cannabis marketplace, or medical cannabis marketplace in either Canada or the United States.

In the United States ("U.S."), 34 states, the District of Columbia, and four U.S. territories allow the use of medical cannabis. Moreover, 15 states and the District of Columbia have legalized the sale and adult-use of recreational cannabis: Alaska, Arizona, California, Colorado, Illinois, Maine, Massachusetts, Michigan, Montana, New Jersey, Nevada, Oregon, Washington, South Dakota, Vermont. At the federal level, however, cannabis currently remains a Schedule I controlled substance under the Federal Controlled Substances Act of 1970 ("Federal CSA"). Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. As such, even in those states in which marijuana is legalized under state law, the manufacture, importation, possession, use or distribution of cannabis remains illegal under U.S. federal law. This has created a dichotomy between state and federal law, whereby many states have elected to regulate and remove state-level penalties regarding a substance which is still illegal at the federal level.

There remains uncertainty about the US federal government's position on cannabis with respect to cannabis legal states. A change in its enforcement policies could impact the ability of the Company to continue as a going concern.

2. Significant accounting policies

Basis of presentation

These financial statements have been prepared in conformity with International Accounting Standard ("IAS") 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company's annual audited financial statements for the thirteen months ended January 31, 2020, and do not include all the information required for full annual financial statements in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). It is suggested that these financial statements be read in conjunction with the annual audited financial statements.

On June 8, 2019, the Company announced a change in year end from December 31 to January 31, to continue the use of the year end of Metropolitan prior to closing of the RTO. As a result, the Company's transition year was January 31, 2020. For the year ended January 31, 2021, the comparative interim periods are as follows: (i) Four months ended April 30, 2019; (ii) Seven months ended July 31, 2019; (iii) Ten months ended October 31, 2019; and the thirteen months ended January 31, 2020.

These financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

INDVR Brands Inc. (formerly Cannabis One Holdings Inc.)
Notes to the Condensed Interim Consolidated Financial Statements
For the nine months ended October 31, 2020 and ten months ended October 31, 2019
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2. Significant accounting policies (continued)

Principles of consolidation

These financial statements include the accounts of the Company and its wholly-owned subsidiaries as follows:

INDVR Brands Inc. (formerly Cannabis One Holdings Inc.) (“INDVR”)	Canada	Legal parent company
Cannabis One U.S., Inc. (formerly Bertram Capital Finance, Inc.)	USA	Operating company

A subsidiary is an entity controlled by the Company and is included in the financial statements from the date that control commences until the date that control ceases. The accounting policies of a subsidiary are changed where necessary to align them with the policies adopted by the Company. The Company has accounted for INDVR Brands Inc. as a controlled entity requiring consolidation from the date of the RTO effective February 25, 2019 (Notes 1 and 3).

Functional and presentation currency

These financial statements are presented in United States dollars, which is the functional currency of CBIS US. The functional currency of INDVR Brands Inc. is the Canadian dollar (“CAD”).

Comparative figures

Certain comparative figures within revenue, costs of sales and operating expenses on the consolidated statement of loss and comprehensive loss have been reclassified to conform to the current period’s presentation (Note 18).

Significant accounting policies

The accounting policies, estimates and critical judgments, methods of computation and presentation applied in these financial statements are consistent with those of the most recent annual audited financial statements and are those the Company expects to adopt in its financial statements for the year ended January 31, 2021. Accordingly, these financial statements should be read in conjunction with the Company’s most recent annual audited financial statements.

INDVR Brands Inc. (formerly Cannabis One Holdings Inc.)
Notes to the Condensed Interim Consolidated Financial Statements
For the nine months ended October 31, 2020 and ten months ended October 31, 2019
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3. Reverse acquisition

As described in Note 1, on February 25, 2019, Metropolitan (INDVR) and Bertram completed the Transaction, which constituted a reverse acquisition (RTO). The Transaction resulted in the shareholders of Bertram obtaining control of the combined entity by obtaining control of the voting rights, governance, management decision-making processes, and the resulting power to govern the financial and operating policies of the combined entity.

The Transaction constituted a RTO of Metropolitan by Bertram and has been accounted for as a reverse acquisition transaction in accordance with the guidance provided in IFRS 2, *Share-based Payments* and IFRS 3, *Business Combinations*. As Metropolitan did not qualify as a business according to the definition in IFRS 3, the RTO did not constitute a business combination; rather it is treated as an issuance of equity by Bertram for the net assets of Metropolitan and Metropolitan's public listing, with Bertram as the continuing entity. Accordingly, no goodwill or intangible assets were recorded with respect to the RTO as it did not constitute a business combination.

For accounting purposes, Bertram was treated as the accounting parent company (legal subsidiary) and Metropolitan has been treated as the accounting subsidiary (legal parent) in these financial statements. As Bertram was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these financial statements at their historical carrying values. Metropolitan's results of operations have been included in these financial statements from February 25, 2019.

	February 25, 2019
	\$
Assets (liabilities) of Metropolitan acquired:	
Cash	1,114,974
Receivables	34,001
Deposit	38,017
Trade and other payables	(275,182)
Net assets acquired	911,810
Consideration paid in RTO of Metropolitan:	\$
(1) Class A SUB Shares (fair value of 12,675,314 shares at \$0.38 (CAD\$0.50) each)	4,816,619
(1) Class B SVS Shares (fair value of 252,700 shares at \$3.80 (CAD\$5.00) each)	960,260
Finders' warrants	316,000
Options assumed from Metropolitan (Note 13(b))	64,000
Warrants assumed from Metropolitan (Note 13(c))	2,506,000
Transaction costs - cash	261,954
Total consideration paid	8,924,833
Listing expense	8,013,023

(1) The aggregate of the Class A SUB Shares and Class B SVS Shares issued as consideration paid are equivalent to 15,202,314 Class A SUB Shares and were issued with an aggregate fair value of \$5,776,879.

The Finders' warrants component of the consideration paid in the RTO of Metropolitan included 1,575,000 warrants (fair value of \$316,000) issued to a finder for facilitation of the RTO. Additionally, the Company assumed 200,000 stock options from Metropolitan, and 10,000,000 warrants attached to units completed in a historical Metropolitan private placement. The fair value of these stock options and warrants was calculated using the Black-Scholes model.

The Transaction was measured at the fair value of the shares that Bertram would have had to issue to the shareholders of Metropolitan, to give the shareholders of Metropolitan the same percentage equity interest in the combined entity that results from the reverse acquisition had it taken the legal form of Bertram acquiring Metropolitan.

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4. Fat Face Farms Asset Acquisition

On April 16, 2019, the Company closed on a Definitive Asset Purchase Agreement (“Fat Face Farms APA”) and completed the acquisition of certain assets of Colorado-based JBC Enterprises LLC (“Fat Face Farms”) which operates the branded cannabis cultivation facility “Fat Face Farms”, located in Denver, Colorado (the “Fat Face Farms Transaction”). Under the terms of the Fat Face Farms APA, the Company acquired certain assets of Fat Face Farms, inclusive of all leasehold rights (formally assigned to the Company in March 2020 (now subleased to Cannabis Corp.) (Note 9) and omitted from the presentation of net assets acquired as shown below), intellectual property (trade name), and equipment.

The Company completed the acquisition for the purpose of expanding its brand portfolio and adding expertise in respect to cultivation operations so as to facilitate potential future expansion into additional state-legal markets, and to generate service income from the facilitation of Fat Face Farms’ operations.

The assets acquired in the Fat Face Farms Transaction did not qualify as a business according to the definition of IFRS 3, *Business Combinations*. Accordingly, the acquisition did not constitute a business combination; rather it was treated as an acquisition of assets which are key components necessary to continuing the production of the Fat Face Farms brand by Cannabis Corp. whom acquired certain other assets of Fat Face Farms by way of a separate acquisition agreement.

	April 16, 2019
Assets of Fat Face Farms acquired:	\$
Property and equipment - furniture and equipment	20,906
Property and equipment - cultivation equipment	245,142
Trade name	833,952
Net assets acquired	1,100,000
Consideration paid:	\$
Class B SVS Shares (37,358 shares at \$29.445 (CAD\$39.29) per share)	1,100,000
Total	1,100,000

Consideration paid by the Company consisted of 37,358 Class B SVS Shares for total consideration of \$1,100,000. Each Class B SVS Share is convertible into 10 Class A SUB Shares. No trade receivables or other amounts owed by Fat Face Farms to the Company were offset against the consideration paid.

As at January 31, 2020, it was determined that the carrying value of the Fat Face Farms brand exceeded its fair value. Refer to Note 10 for details of a write-down of the trade name during the thirteen months then ended. There was no additional write-down recorded during the nine months ended October 31, 2020.

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5. Honu Enterprises Asset Acquisition

On May 6, 2019, the Company closed on a Definitive Asset Purchase Agreement with Honu Enterprises Inc. (“Honu”) a Washington-based cannabis-infused products brand, whereby the Company acquired certain assets of Honu including intellectual property (trade name), inventory packaging (non-cannabis), and equipment (the “Honu Transaction”).

The Company completed the acquisition for the purpose of expanding its brand portfolio and to generate service income and future royalty revenue from licensing production of Honu-branded cannabis infused products to other parties based in Washington state.

The assets acquired in the Honu Transaction did not qualify as a business according to the definition of IFRS 3, *Business Combinations*. Accordingly, the acquisition did not constitute a business combination; rather it was treated as an acquisition of assets.

	May 6, 2019
Assets of Honu acquired:	\$
Inventory	216,524
Property and equipment - furniture and equipment	1,690,100
Property and equipment - extraction equipment	1,459,465
Property and equipment - cultivation equipment	154,180
Trade name	3,418,524
Net assets acquired	6,938,793
Consideration paid:	\$
Class B Super Voting Shares (87,802 shares at \$29.73 (CAD\$40.00) per share)	2,610,178
Trade receivable (forgiveness)	541,687
Loan receivable (forgiveness of principal and interest (Note 7))	17,297
Contingent consideration	3,769,631
Total	6,938,793

Consideration paid by the Company consisted of 87,802 Class B SVS Shares, the forgiveness of receivables, the forgiveness of a loan receivable including principal and interest, and the estimated fair value of contingent consideration payable upon achievement of certain revenue milestones pursuant to the Earn-Out considerations described below, for total consideration of \$6,938,793 (which is revalued at each period end to give effect to the estimate of contingent consideration, as discussed below).

Each Class B SVS Share is convertible into 10 Class A SUB Shares. All Class B SVS Shares issued pursuant to the Honu Transaction were subject to a contractual lock-up, restricting the transfer of Class B SVS Shares until November 6, 2020, with 33.33% of the locked-up Class B SVS Shares to be released on each 6-month anniversary from May 6, 2019.

Write-off of property and equipment: Subsequent to closing the Honu Transaction, the Company learned that Honu and its agents were dishonest about resolving outstanding encumbrances and liabilities with certain other private companies, thereby improperly transferring the equipment listed in the assets of Honu acquired above, while they were still encumbered. As a result, the Company wrote-off the net book value of these assets in their entirety as at January 31, 2020, of \$2,853,234 as a result of the lack of ownership and access to these assets (Note 9). There were no changes to the carrying values during the nine months ended October 31, 2020.

As at January 31, 2020, it was determined that the carrying value of the Honu trade name exceeded its fair value. Refer to Note 10 for details of a write-down of the trade names during the thirteen months then ended. There was no additional write-down recorded during the nine months ended October 31, 2020.

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5. Acquisition of Honu Enterprises (continued)

Contingent consideration:

As part of the consideration paid, the Company was required to issue additional Class B SVS Shares to Honu upon the satisfaction of provisions applicable to two earn-out considerations (collectively the “Earn-Outs”), as follows:

- First Earn-Out: The Company is required to issue Class B SVS Shares to Honu with a fair value \$3,426,937 upon verification of annual revenues of Honu exceeding \$6,853,874 in any given fiscal year (not yet completed).
- Second Earn-Out: The Company is required to issue Class B SVS Shares to Honu with a fair value of \$3,426,937 upon verification of annual revenues of Honu exceeding \$10,280,811 in any given fiscal year (not yet completed).

The Earn-Outs are payable if, and only if, applicable annual revenue targets have been met. The Earn-Outs were recognized on the acquisition date as contingent consideration (\$3,769,631). The measurement of contingent consideration is impacted by estimated probabilities of the likelihood that the sale of Honu-branded products will meet the required revenue targets and are multiplied by the specified consideration payable as stated above, which is payable in Class B SVS Shares, if such targets are met. These estimated probabilities are highly subjective and are significantly impacted by budgeted and actual results as of the acquisition date, and subsequent thereto for period end revaluations.

As of the acquisition date, the Company initially estimated a 60% probability of the First Earn-Out being met (\$2,056,162), and a 50% probability of the Second Earn-Out being met (\$1,713,469). As at October 31, 2020 and January 31, 2020, the Company estimated a 0% probability of the Earn-Outs being met and therefore the estimated fair value of the contingent consideration relating to the Earn-Outs is determined to be \$nil at both dates.

The change in the estimated probabilities resulted in a gain on change in fair value of contingent consideration of \$3,769,631 which was recognized in profit or loss during the thirteen months ended January 31, 2020. There were no adjustments to contingent consideration recognized during the nine months ended October 31, 2020. Any additional changes in future estimates of the fair value of contingent consideration payable may be significant and such changes will continue to be recognized within profit or loss in subsequent periods.

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6. Leases receivable

As at October 31, 2020 and January 31, 2020, leases receivable consists of two equipment lease agreements with Cannabis Corp. The two lease agreements originally had a term of five years each expiring on December 31, 2021 and March 31, 2022. Notably, the Company entered into a Business Combination Agreement to acquire all the issued and outstanding common shares of Cannabis Corp. by way of a share exchange (Note 1). Once the transaction is completed, the Company's leases receivable will be derecognized upon consolidation of the two entities.

During the thirteen months ended January 31, 2020, the Company amended the terms of the leases such that the leases would both commence on the date that Cannabis Corp. received a Certificate of Occupancy on its cultivation facility as issued by the City of Denver (received on December 10, 2019). Accordingly, the term of the leases was amended to commence on December 10, 2019 and terminate on December 10, 2024 (5-year term). There is no purchase option at the expiration of these leases. The Company's monthly implicit lease rates are 4.96% and 13.61% on each of the leases.

There were no amendments to the terms of the leases during the nine months ended October 31, 2020.

The leased equipment is held as security until the end of the lease terms. In accordance with the terms of the existing lease agreements, the leased equipment is always owned by the Company, and possession will revert to the Company upon expiration of the lease agreements.

The remaining contractual payments to be received as shown in the table below are not to be regarded as a forecast of the amount and timing of future cash collections:

Fiscal year	October 31, 2020 \$
2021 (remainder)	130,957
2022	523,827
2023	523,827
2024	523,827
2025	436,523
Remaining contractual payments to be received	2,138,961

A reconciliation of the Company's leases receivable as at and for the nine months ended October 31, 2020, and the thirteen months ended January 31, 2020 is as follows:

	October 31, 2020 \$	January 31, 2020 \$
Balance, beginning of period	784,031	1,586,838
Loss provision	-	(1,130,019)
Recognition of amended terms	-	(174,610)
Amounts due and receivable	-	87,305
Payments received	(480,175)	-
Lease income	371,215	414,517
Balance, end of period	675,071	784,031
Current portion (within one year)	48,623	118,569
Long-term portion (later than one year but no later than five years)	626,448	665,462

Lease and rental income:

During the nine months ended October 31, 2020, the Company earned \$751,415 (2019 - \$562,576) in lease and rental income comprising \$380,200 (2019 - \$144,000) in aggregate rental income for the lease of premises to Cannabis Corp. or a company controlled by Cannabis Corp., and \$371,215 (2019 - \$372,736) in lease income earned representing the Company's interest income on its net investment in the equipment leased to Cannabis Corp.

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7. Loans receivable

A reconciliation of the Company's loans receivable as at and for the nine months ended October 31, 2020, and the thirteen months ended January 31, 2020 is as follows:

	October 31, 2020	January 31, 2020
	\$	\$
Balance, beginning of period	108,520	101,198
Advances	21,875	106,012
Settlement (non-cash)	-	(109,160)
Repayments	(2,500)	-
Forgiveness (Note 5)	-	(17,297)
Interest income accrual and/or adjustment	10,495	27,767
Balance, end of period	138,390	108,520
Current portion	138,390	-
Non-current portion	-	108,520

As at October 31, 2020, one loan is receivable from Cannabis Corp., (\$118,070, details below) and another from a third party (\$20,320). As at January 31, 2020, loans receivable was comprised of a single loan due from Cannabis Corp.

Third party loan receivable

The loan receivable from a third party is pursuant to an agreement executed in May 2020 between the Company and the debtor, a private company based in Colorado. The agreement permits the debtor to make monthly draws up to a maximum outstanding principal amount, at any time, of \$50,000. The loan bears interest at 12% per annum and requires the debtor to make monthly payments of \$2,500 to the Company which will be applied to both principal and interest through to June 15, 2022, as applicable. During the nine months ended October 31, 2020, the debtor had only made one monthly payment on the loan.

Cannabis Corp. loan receivable

During the thirteen months ended January 31, 2020, the Company issued a Promissory Note to Cannabis Corp. in the amount of \$106,012 for the purposes of providing short-term working capital to Cannabis Corp., until such time that the City of Denver issued the Certificate of Occupancy (issued December 10, 2019) on its cultivation facility. The loan bears interest at 12% per annum, is unsecured and matured on November 20, 2020. In accordance with the terms of the agreement, the loan was automatically extended on November 20, 2020. As at October 31, 2020, the loan is presented as a current asset since it is intended that the loan will be settled upon closing of the proposed transaction for the Company to acquire Cannabis Corp. (Note 1) and it is anticipated that the transaction will close within twelve months of the date of the statement of financial position.

8. Inventory

The Company holds inventory comprised of finished goods consisting primarily of INDVR and Honu-branded hardware and product packaging (without any cannabis content) for sale to third party cannabis businesses who fill these goods with branded formulations for re-sale to licensed dispensaries. Inventory is carried at a value of \$nil.

As at January 31, 2020, the Company recorded a full write-off of its inventory of \$477,850 based on lower than expected sales volumes of its INDVR branded hardware. Additionally, the amount realized by the Company on the sale of the Honu-branded hardware acquired in the Honu Transaction (Note 5) was less than the fair value of the inventory recognized on closing of the acquisition. This is included in the write-off of inventory for the thirteen months ended January 31, 2020.

During the nine months ended October 31, 2020, there were no charges recorded against the carrying value of inventory. Accordingly, inventory is valued at \$nil as at October 31, 2020.

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9. Property and equipment

Property and equipment consists of the following:

	Extraction equipment \$	Cultivation equipment \$	Leasehold improvements \$	Furniture and equipment \$	Right-of-use assets \$	Total \$
Cost						
December 31, 2018	547,386	64,681	842,195	24,207	-	1,478,469
Adoption of IFRS 16	-	-	-	-	1,531,774	1,531,774
Additions	1,459,465	484,545	1,109,185	1,754,861	1,414,100	6,222,156
Disposal	-	-	(51,441)	-	-	(51,441)
Write-off	(1,459,465)	(154,180)	-	(1,690,100)	(819,600)	(4,123,345)
January 31, 2020	547,386	395,046	1,899,939	88,968	2,126,274	5,057,613
Accumulated depreciation						
December 31, 2018	85,274	30,051	40,762	4,841	-	160,928
Additions	204,517	59,114	123,330	244,745	407,204	1,038,910
Disposal	-	-	(51,441)	-	-	(51,441)
Write-off	(199,018)	(21,025)	-	(230,468)	(163,830)	(614,341)
January 31, 2020	90,773	68,140	112,651	19,118	243,374	534,056
Cost						
January 31, 2020	547,386	395,046	1,899,939	88,968	2,126,274	5,057,613
Additions	-	127,176	103,663	5,229	910,300	1,146,368
October 31, 2020	547,386	522,222	2,003,602	94,197	3,036,574	6,203,981
Accumulated depreciation						
January 31, 2020	90,773	68,140	112,651	19,118	243,374	534,056
Additions	82,108	68,826	198,651	17,795	225,060	592,440
October 31, 2020	172,881	136,966	311,302	36,913	468,434	1,126,496
Net book value						
January 31, 2020	456,613	326,906	1,787,288	69,850	1,882,900	4,523,557
October 31, 2020	374,505	385,256	1,692,300	57,284	2,568,140	5,077,485

As at January 31, 2020, the Company determined that the equipment acquired in the Honu Transaction (Note 5) were impaired as the assets were encumbered, thereby recognizing a write-off of the net book value of these assets in full (\$2,853,234). Moreover, the Company wrote-off the right-of-use assets relating to two manufacturing facility leases in Oregon due to a general judgement and money award made against the Company (see lease liabilities below and Note 20(b) for "Grid Property Management LLC" contingency). There was no additional impairment recorded during the nine months ended October 31, 2020.

Addition of right-of-use asset: During the nine months ended October 31, 2020, the Company was assigned the leasehold pursuant to the cultivation facility relating to the Fat Face Farms asset acquisition (Note 4). During the period then ended, the Company began subleasing the facility to Cannabis Corp. to produce Fat Face Farms branded cannabis products. Accordingly, the Company recognized a right-of-use asset addition of \$910,300 with a corresponding lease liability.

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9. Property and equipment (continued)

Right-of-Use Assets and Lease Liabilities

Under IFRS 16 – *Leases*, the Company assesses whether a contract is, or contains, a lease. For contracts that are, or contain, leases, the Company recognizes a right-of-use asset and lease liability at the commencement date.

The Company has identified four contracts that are leases as defined under IFRS 16. In analyzing the identified agreements, the Company applied the lessee accounting model pursuant to IFRS 16 and considered all the facts and circumstances surrounding the inception of the contract (but not future events that are not likely to occur). Lease liabilities were calculated with a discount rate of 10%.

Based on all the facts and circumstances at the inception of the contract, the Company has determined that the identified facility leases listed below contain a lease as defined by IFRS 16:

Location	Asset	Type	Useful life at inception of lease	Sublessee
Active leases:				
Denver, CO	Building	Corporate head office	5.7 Years	N/A
Denver, CO	Building	Cultivation	15 Years	Cannabis Corp.
Denver, CO	Building	Cultivation (Note 4)	5.2 Years	Cannabis Corp.
Denver, CO	Building	Dispensary	10 Years	Cannabis Corp.
Terminated leases (Note 20(b)) "Grid Property Management LLC":				
Portland, OR	Building	Manufacturing	5 Years	N/A
Portland, OR	Building	Manufacturing	5 Years	N/A

A reconciliation of the Company's lease liabilities as at and for the nine months ended October 31, 2020, and the thirteen months ended January 31, 2020 is as follows:

	October 31, 2020	January 31, 2020
	\$	\$
Lease liabilities		
Balance, beginning of period	2,169,707	1,714,428
Additions	910,300	1,414,100
(1) Lease payments	(369,875)	(415,193)
Lease interest (finance costs)	209,974	293,171
Write-off	-	(836,799)
Balance, end of period	2,920,106	2,169,707
Current portion of lease liabilities	583,378	369,093
Non-current portion of lease liabilities	2,336,728	1,800,614
Maturity analysis - contractual undiscounted cash flows		
Less than one year	583,378	369,093
One to five years	2,149,229	1,395,221
More than five years	1,525,919	1,717,255
Total undiscounted lease liabilities	4,258,526	3,481,569

(1) As at October 31, 2020 and January 31, 2020, lease payments relating to the Oregon facilities of \$40,875 are included in trade and other payables.

Short-term leases are leases with a lease term of twelve months or less. As at October 31, 2020 and January 31, 2020, the Company did not have any short-term leases. As at October 31, 2020 and January 31, 2020, there were no extension options that were reasonably certain to be exercised included in the measurement of the lease liabilities, and there were no leases with residual value guarantees.

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10. Intangible assets

During the year ended December 31, 2017, the Company acquired certain intellectual property from Cannabis Corp., for total consideration of \$1,145,000. The intellectual property is comprised of the trade names, “Cannabis”, “The Joint™ by Cannabis”, “Incognito by Cannabis”, “Fire by Cannabis” and “Cannabis Prime”, as well as related trademarks and website domains.

As at January 31, 2020, the Company determined that the recoverable amounts of the intellectual property were less than their value-in-use in major part due to lower than expected sales volumes of inventory hardware bearing the trade names and/or trademarks acquired. Accordingly, an impairment loss was recognized for the full net book value of these intangible assets (\$443,324) as the Company was unable to determine a recoverable amount in excess of \$nil. There was no additional impairment recorded during the nine months ended October 31, 2020.

The trade names acquired during the thirteen months ended January 31, 2020, relate to the fair value of the Fat Face Farms (Note 4) and Honu (Note 5) brands acquired pursuant to the respective asset acquisitions.

As at January 31, 2020, the Company tested whether the trade names were impaired. The recoverable amount of both the Fat Face Farms and Honu trade names were determined to be their value-in-use using a 5 year discounted future cash flow model incorporating assumptions regarding future events, specifically forecasted pre-tax royalty revenue and growth rates, income tax rates, and a 15% discount rate reflective of market interest rates (no change from initial recognition on acquisition). The fair value of the Honu brand was determined to be \$886,700, and the fair value of the Fat Face Farms brand was determined to be \$681,900 as at January 31, 2020. Accordingly, the Company recorded a write-down of these trade names of \$2,321,841 in aggregate during the period then ended.

As at October 31, 2020, the Company determined there was no impairment of its intangible assets.

	Website domains \$	Trademarks \$	Trade names \$	Total \$
<u>Cost</u>				
December 31, 2018	200,000	470,000	475,000	1,145,000
Additions	-	-	4,252,477	4,252,477
Write-down of trade names acquired (Notes 5,6)	-	-	(2,535,903)	(2,535,903)
Write-off	(200,000)	(470,000)	(475,000)	(1,145,000)
January 31, 2020	-	-	1,716,574	1,716,574
<u>Cost</u>				
January 31, 2020	-	-	1,716,574	1,716,574
October 31, 2020	-	-	1,716,574	1,716,574
<u>Accumulated amortization</u>				
December 31, 2018	73,333	172,332	174,165	419,830
Additions	49,231	115,692	478,959	643,882
Write-down of trade names acquired (Notes 5,6)	-	-	(214,062)	(214,062)
Write-off	(122,564)	(288,024)	(291,088)	(701,676)
January 31, 2020	-	-	147,974	147,974
<u>Accumulated amortization</u>				
January 31, 2020	-	-	147,974	147,974
Additions	-	-	257,484	257,484
October 31, 2020	-	-	405,458	405,458
<u>Net book value</u>				
January 31, 2020	-	-	1,568,600	1,568,600
October 31, 2020	-	-	1,311,116	1,311,116

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11. Loans payable

A reconciliation of the Company's loans payable as at and for the nine months ended October 31, 2020, and the thirteen months ended January 31, 2020 is as follows:

	October 31, 2020	January 31, 2020
	\$	\$
Balance, beginning of period	412,000	-
Proceeds received - Payroll Protection Program	820,600	400,000
Settlement (non-cash) (Note 13)	(400,000)	-
Interest forgiven	(12,000)	12,000
Balance, end of period	820,600	412,000

Payroll Protection Program Loan

On May 25, 2020, the Company entered into a loan agreement with a lender based in the United States for an unsecured loan. The loan was made pursuant to the Paycheck Protection Program (the "PPP") as part of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") administered by the U.S. Small Business Administration ("SBA"). The loan was made to the Company for a principal amount of \$820,600 and has a term of 2 years with a 1% annual interest rate. At October 31, 2020, \$nil has been accrued for interest expense.

Payments are deferred for 6 months, after which the repayment of principal and interest is required to be made in equal monthly payments over 18 months beginning December 25, 2020. There is no prepayment penalty. If proceeds are used for qualifying expenses as defined by the CARES Act, including payroll costs, health care benefits, rent and utilities, the Company can apply for forgiveness after 60 days of all or any portion of the loan used for such qualifying expenses. Although the Company intends to use the proceeds for qualifying expenses, there is no assurance that the Company will obtain forgiveness of the loan. The terms of the loan, including eligibility and forgiveness, may be subject to additional requirements adopted by the SBA. If the Company is successful in receiving forgiveness for those portions of the loan used for qualifying expenses, those amounts will be recorded as a gain upon extinguishment.

Promissory Note Loans

During the thirteen months ended January 31, 2020, the Company entered into three promissory note agreements (loans payable) for aggregate proceeds of \$400,000. These loans were settled in full during the nine months ended October 31, 2020, through settlements reached pursuant to the private placement that closed in May 2020 (Note 13). The loans bore interest at 15% per annum and were unsecured. At the time of settlement, the loans had accrued interest of \$26,795, which was forgiven. \$14,795 of accrued interest was recorded during the nine months ended October 31, 2020 and reversed, and an additional \$12,000 was recorded during the thirteen months ended January 31, 2020 and was forgiven.

12. Other liabilities

Effective January 15, 2020, the Company entered into two Purchase and Sale of Future Receipts Agreements ("PSFR") with the President of the Company, and an entity majority owned by a trust of which the former CEO of the Company is a beneficiary (the "Purchasers"), for aggregate proceeds of \$82,650. These amounts were settled in full during the nine months ended October 31, 2020, through settlements reached pursuant to the private placement that closed in May 2020 (Note 13).

In accordance with the PSFRs, the Company agreed to assign to the Purchasers a percentage of future revenues. There was no interest rate, or payment schedule, or specified time during which the Purchasers were required to collect the specified portion of future revenue. As at January 31, 2020, no repayments had been made by the Company, and the balance due by the Company was \$82,650. As at October 31, 2020, the amounts had been settled in full, and \$nil was owed by the Company.

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13. Share capital

Authorized

In connection with closing of the RTO (Note 3), the Company's shareholders approved a Share Structure Amendment, in which the Company is authorized to issue an unlimited number of shares, consisting of the following:

- Class A Subordinated Voting Shares (common share equivalent, one vote per share) ("Class A SUB Shares"); and
- Class B Super Voting Shares (ten votes per share) ("Class B SVS Shares"). Each Class B SVS Share is convertible at any time at the option of the holder into ten (10) Class A SUB Shares.

Long-Term Incentive Plan and Anti-Dilution Agreements

In 2015, the Company established a Long-Term Incentive Plan ("LTIP") for executives and other employees and consultants of the Company, and on November 23, 2018, the Company entered into Release and Waiver Agreements ("Anti-Dilution Agreements") with certain eligible investors.

As at October 31, 2020 and January 31, 2020, the Company had issued 1,955,347 Class A SUB Shares, and 224,400 Class B SVS Shares (equivalent to 4,199,350 Class A SUB Shares) to qualified participants of the Anti-Dilution and LTIP Agreements upon achieving the milestone of completing the RTO with Metropolitan (Note 3). Accordingly, as these Class A SUB Shares were issued to facilitate historical shareholders to maintain the same percentage ownership as previously owned, the shares were issued at a fair value of CAD \$0.50 per share for a total of \$1,596,383 recognized as share-based payments expense during the thirteen months ended January 31, 2020.

Pursuant to the LTIP and Anti-Dilution Agreements, 12,000,000 Rights have also been issued to certain employees, Directors, consultants, and investors of the Company to receive either Class A SUB Shares or Class B SVS Shares. The Rights permit the holder to convert each Right into Class A SUB Shares and Class B SVS Shares (depending on the holder's country of residency) for \$nil consideration upon achievement of additional Company milestones, as follows:

- 6,000,000 Rights were convertible upon the Company earning CAD\$40,000,000 in revenue for the thirteen months ended January 31, 2020 (not met); and
- 6,000,000 Rights are convertible upon the Company earning CAD\$100,000,000 in revenue for the year ended January 31, 2021.

As at October 31, 2020 and January 31, 2020, the Company assessed that the likelihood of achieving the remaining two milestones is remote.

Repurchase of Shares

During the nine months ended October 31, 2020, the Company entered into three Settlement and Release Agreements pursuant to the repurchase of certain Class A SUB Shares, and Class B SVS Shares (collectively, "Shares") which were issued during the thirteen months ended January 31, 2020, pursuant to warrant exercises. The Company intends to return the repurchased shares to treasury. Pursuant to the agreements the Company agreed to repurchase the equivalent of 450,000 Class A SUB Shares in aggregate at a total cost of \$337,500.

As at October 31, 2020, the Company had repurchased 255,000 Shares in aggregate at a cost of \$191,250. Additionally, the Company had forgone \$244,682 during the period then ended which was included in subscriptions receivable as at January 31, 2020. Subsequent to October 31, 2020, the Company returned 200,000 Shares to treasury.

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13. Share capital (continued)

a) Transactions for the issuance of share capital: (continued)

During the nine months ended October 31, 2020:

Shares issued for cash proceeds or shares repurchased:

- On May 5, 2020, the Company completed a non-brokered private placement, inclusive of debt settlement arrangements consisting of the issuance of 7,629,365 Class A SUB Units at CAD \$0.068 per Class A SUB Unit, and 1,733,552 Class B SVS Units at CAD \$0.68 per Class B SVS Unit for aggregate cash proceeds and debt settlements of \$1,209,815 (CAD \$1,697,612). Cash share issue costs of \$3,791 were incurred in connection with the placement and recorded as a reduction to share capital.

Gross proceeds received on the Offering totalled \$332,653 (CAD \$466,751). Aggregate debt settlements and services totalled \$877,162 (CAD \$1,230,861) (which included trade and other payables of \$394,512, loans payable of \$400,000 (Note 11), and other liabilities of \$82,650 (Note 12)). Directors and Officers of the Company participated in the Offering for aggregate debt settlements included in the above of \$565,714 (CAD \$791,761) (Note 15).

Each Class A SUB Unit consists of one Class A SUB Share and one warrant with each warrant exercisable at \$0.12 per Class A SUB Share until May 5, 2022. Each Class B SVS Unit consists of one share and one warrant with each warrant exercisable at \$1.20 per Class B SVS Share until May 5, 2022 (each Class B SVS Share is convertible into 10 Class A SUB Shares).

- Between May and July 2020, the Company made payments for the repurchase of 255,000 Shares (as described under “Repurchase of Shares” above). As at October 31, 2020, the shares had not yet been returned to treasury.

Shares issued on conversions:

- At various dates, the Company issued 3,127,680 Class A SUB Shares on conversion of 312,768 Class B SVS Shares for \$nil consideration.

During the ten months ended October 31, 2019:

Shares issued for cash proceeds:

- Between March and October 2019, the Company issued 3,582,583 Class A SUB Shares on exercise of warrants for gross proceeds of \$884,658 (CAD \$1,182,771). The Company also issued 42,800 Class B SVS Shares (equivalent to 428,000 Class A SUB Shares) on exercise of warrants for gross proceeds of \$241,725 (CAD \$321,000).
- In June 2019, the Company issued 33,334 Class A SUB Shares on exercise of stock options for gross proceeds of \$14,918 (CAD \$20,000). In addition, \$10,164 representing the fair value of the options on initial vesting was re-allocated from reserves to share capital.
- On August 30, 2019 and September 11, 2019, the Company closed two separate tranches of a non-brokered private placement for aggregate gross proceeds of \$1,116,140 (CAD \$1,776,000), through the issuance of:

3,075,000 Class A SUB Units (“Class A Units”) at a price of approximately \$0.31 (CAD \$0.40) per Class A Unit for gross proceeds of \$944,631 (CAD \$1,230,000). \$50,050 of the gross proceeds were allocated to warrant reserve representing the residual value of the warrants attached to the Class A Units; and

136,499 Class B SVS Units (“Class B Units”) at a price of approximately \$3.05 (CAD \$4.00) per Class B Unit. Gross proceeds of \$171,509 (CAD \$225,000) were received in connection with this offering while \$244,682 (CAD \$321,000) remains receivable and presented as subscriptions receivable within shareholders’ equity.

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13. Share capital (continued)

a) Transactions for the issuance of share capital: (continued)

During the ten months ended October 31, 2019: (continued)

Shares issued for cash proceeds: (continued)

No new warrants were issued in connection with the Class B Units.

Each Class A Unit consists of one Class A SUB Share and one Class A warrant exercisable at CAD \$0.60 each. 2,287,500 Class A warrants are exercisable until August 30, 2021, and 787,500 Class A warrants are exercisable until September 11, 2021. The warrants were allocated a residual value of \$50,050 in aggregate and recorded within reserves. During the nine months ended October 31, 2020, the exercise price of the warrants was repriced to CAD \$0.20.

In connection with certain share issuances, and the August and September 2019 private placement tranches, the Company incurred \$13,554 in cash share issue costs pertaining to transfer agent and filing fees recorded as share issue costs.

Shares issued as non-cash consideration and on conversions:

- On February 25, 2019, the Company issued 1,955,347 Class A SUB Shares, and 224,400 Class B SVS Shares (equivalent to 4,199,350 Class A SUB Shares in aggregate) to certain eligible recipients of the Anti-Dilution and LTIP Agreements. As described above, the shares were issued at a valuation of \$1,596,383 recognized as share-based payments expense.
- In February 2019, the Company issued 26,675 Class B SVS Shares to Directors of the Company for past services provided during the year ended December 31, 2018 in the amount of \$95,600, which was reclassified from commitment to issue shares and warrants, to share capital.
- In April 2019, the Company issued 37,358 Class B SVS Shares on the acquisition of assets from Fat Face Farms (Note 4) at a fair value of \$29.44 (CAD \$39.29) per share for total consideration of \$1,100,000 (CAD \$1,467,687).
- In May 2019, the Company issued 87,802 Class B SVS Shares on the acquisition of assets from Honu (Note 5) at a fair value of \$29.73 (CAD \$40.00) per share for total consideration of \$2,610,178 (CAD \$3,512,080).
- At various dates, the Company issued 6,114,040 Class A SUB Shares on conversion of 611,404 Class B SVS Shares for \$nil consideration.

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13. Share capital (continued)

b) Stock options

The Company has an incentive stock option plan which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the CSE requirements, grant to Directors, Officers, employees and consultants stock options to purchase Class A SUB shares of the Company, provided that the number of shares reserved for issuance will not exceed 10% of the total issued and outstanding shares of the Company. The stock options have a maximum term of 10 years from the date of grant, and vest over periods as determined by the Board of Directors. The exercise price of stock options granted under the Plan must not be less than the market price of the Company's Class A SUB shares which trade on the CSE.

A summary of the status of the Company's stock options as at October 31, 2020 and January 31, 2020 and changes during the periods then ended is as follows:

	Nine months ended October 31, 2020		Thirteen months ended January 31, 2020	
	Options #	Weighted average exercise price CAD\$	Options #	Weighted average exercise price CAD\$
(1) Options outstanding, beginning of period	4,350,000	0.65	-	-
Assumed on RTO (Note 3)	-	-	200,000	0.35
Granted	-	-	5,200,000	0.65
Cancelled	(100,000)	0.60	(1,016,666)	0.68
Exercised	-	-	(33,334)	0.60
Options outstanding, end of period	4,250,000	0.38	4,350,000	0.65

There are no stock options exercisable into Class B SVS Shares.

As at October 31, 2020, the Company had stock options outstanding and exercisable as follows:

Options outstanding	Options exercisable	Exercise price (CAD)	Expiry date	Remaining life (years)
100,000	100,000	\$ 0.35	May 11, 2023	2.53
3,850,000	2,566,666	\$ 0.60	February 25, 2024	3.32
300,000	300,000	\$ 1.38	May 31, 2024	3.58
4,250,000	2,966,666			3.32

Share-based payment expense for the nine months ended October 31, 2020 was \$171,698 relating to the fair value of stock options vested during the period (2019 - \$1,212,438).

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13. Share capital (continued)

c) Warrants

A summary of the status of the Company's warrants as at October 31, 2020 and January 31, 2020, and changes during the periods then ended is as follows:

	Nine months ended October 31, 2020		Thirteen months ended January 31, 2020	
	Warrants #	Weighted average exercise price CAD\$	Warrants #	Weighted average exercise price CAD\$
Warrants outstanding, beginning of period	18,587,681	0.51	8,239,073	0.75
Assumed on RTO (Note 3)	-	-	10,000,000	0.25
Issued on RTO - Finders' warrants (Note 3)	-	-	1,575,000	0.40
Issued - attached to Units	24,964,885	0.12	3,075,000	0.60
Exercised	-	-	(4,010,583)	0.37
Expired	(7,033,993)	0.25	(290,809)	USD 0.34
Warrants outstanding, end of period	36,518,573	0.29	18,587,681	0.51

As at October 31, 2020 and January 31, 2020, included in the table above are 1,863,865 warrants outstanding and exercisable into Class B SVS Shares (equivalent to 18,638,650 Class A SUB Shares). All warrants shown in the table above are representative of Class A SUB Share equivalents.

As at October 31, 2020, the Company had warrants outstanding and exercisable as follows:

Number of warrants - Class A SUB Shares and equivalent	Exercise price (CAD)	Expiry date	Remaining life (years)
1,575,000	\$ 0.40	February 25, 2021	0.32
6,903,688	\$ 0.25	March 28, 2021	0.41
2,287,500	\$ 0.20	August 30, 2021	0.83
787,500	\$ 0.20	September 11, 2021	0.86
24,964,885	\$ 0.12	May 5, 2022	1.51
36,518,573			1.19

In June 2020, the Company's Board of Directors approved the re-pricing of certain issued and outstanding share purchase warrants as shown below and reflected in the table above. The re-pricing of these instruments remains subject to CSE and regulatory approval.

Number of warrants - Class A SUB Shares and equivalent	Original Exercise price (CAD)	Repriced Exercise price (CAD)	Original Expiry date	Revised Expiry date
6,903,688	\$ 0.75	\$ 0.25	October 28, 2020	March 28, 2021
2,287,500	\$ 0.60	\$ 0.20	August 30, 2021	No Change
787,500	\$ 0.60	\$ 0.20	September 11, 2021	No Change
9,978,688				

During the thirteen months ended January 31, 2020, the fair value of the 1,575,000 finders' warrants issued on the RTO, and the 10,000,000 warrants assumed on the RTO (Note 3), was calculated using the Black-Scholes using a risk-free interest rate of 1.8%, expected life of 1.2 years, expected volatility of 119.8%, and a dividend rate of 0%.

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13. Share capital (continued)

c) Warrant liability

The change in the warrant liability as at and during the thirteen months ended January 31, 2020 was as follows:

	January 31, 2020
	\$
Balance, beginning of period	460,000
Additions (Note 3)	47,000
Gain on change in fair value	(507,000)
Balance, end of period	-

The Company's warrant liability arose in connection with closing of the RTO and related to 290,809 warrants held by CBIS US warrant holders (prior to the RTO) which had exercise prices denominated in U.S. dollars which is a different currency from the functional currency of INDVR (CAD). These warrants were revalued in connection with closing of the RTO and were treated as a financial liability with changes in fair value recognized in profit or loss.

The warrant liability was measured using Level 3 inputs within the fair value hierarchy, until the warrants expired on January 15, 2020. Accordingly, there is no warrant liability as at October 31, 2020 and January 31, 2020.

d) Reserves

Reserves is comprised of the accumulated fair value of stock options recognized as share-based payments, the fair value of compensatory finders' warrants issued, and the residual value of warrants attached to unit private placements. Reserves is increased by the fair value of these items on vesting and is reduced by corresponding amounts when the stock options or warrants expire or are exercised or cancelled.

	Warrants	Stock Options	Total
	\$	\$	\$
December 31, 2018	51,000	-	51,000
Finders' warrants issued on RTO (Note 3)	316,000	-	316,000
Warrants reclassified to warrant liability on RTO (Note 3)	(47,000)	-	(47,000)
Warrants assumed on RTO (Note 3)	2,506,000	-	2,506,000
Residual value of warrants attached to private placement units	50,050	-	50,050
Options assumed on RTO (Note 3)	-	64,000	64,000
Options exercised	-	(10,164)	(10,164)
Options vesting	-	1,212,438	1,212,438
October 31, 2019	2,876,050	1,266,274	4,142,324
January 31, 2020	2,876,050	1,163,646	4,039,696
Options vesting	-	171,698	171,698
Options cancelled	-	(23,691)	(23,691)
Warrants expired	(1,755,100)	-	(1,755,100)
October 31, 2020	1,120,950	1,311,653	2,432,603

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14. Supplemental cash flow information

The Company incurred non-cash financing and investing activities during the nine months ended October 31, 2020 and the ten months ended October 31, 2019, as follows:

	October 31 2020 \$	October 31 2019 \$
Non-cash investing activities:		
Loan receivable forgiven on asset acquisition	-	17,297
Property and equipment additions included in trade and other payables	53,370	57,415
Property and equipment additions - right-of-use assets (transition to IFRS 16)	-	1,531,774
Property and equipment additions - right-of-use assets (additions)	910,300	2,429,200
Property and equipment additions - asset acquisitions	-	1,644,031
Non-cash financing activities:		
Lease payments included in trade and other payables	40,875	-
Reclassification of commitment to issue shares and warrants to share capital	-	95,600
Reversal of subscriptions receivable	244,682	-
Shares issued in settlement of trade and other payables, loans, and other liabilities	877,162	-
Residual value of warrants attached to private placement units	-	50,050
Reclassification of commitment to issue shares and warrants to share capital	-	95,600

15. Related party balances and transactions

Key management personnel include those persons having the authority and responsibility of planning, directing and executing the activities of the Company. The Company has determined that its key management personnel consist of members of the Company's Board, and its Executive Officers.

Other than as disclosed elsewhere within these financial statements, key management personnel transactions, and related party transactions and balances as at October 31, 2020 and January 31, 2020, and for the nine months ended October 31, 2020 and ten months ended October 31, 2019 are listed below. As described below and throughout these financial statements, the Company engaged in several transactions with Cannabis Corp., a company jointly owned by the spouse of the former CEO, Director of the Company who resigned from the Company on July 31, 2020.

On June 8, 2020, the Company entered into a Business Combination Agreement to acquire all the issued and outstanding common shares of Cannabis Corp. by way of a share exchange. Refer to Note 1 for additional details. The transaction has not yet closed as of the date of these financial statements.

Key management personnel compensation:

The net aggregate compensation paid or payable to key management during the nine months ended October 31, 2020 and ten months ended October 31, 2019 was as follows:

	October 31, 2020 \$	October 31, 2019 \$
(1) Consulting fees	-	337,395
(2) Management fees	557,776	178,202
(3) Professional fees	-	79,730
Share-based payments	94,394	752,086
(1) Listing expense - consulting fees	-	261,954
	652,170	1,609,367

- (1) Consulting fees and listing expense comprised amounts paid or accrued to a company (now dissolved) in which a former CFO, and the President and interim CEO of the Company were partners.
- (2) Management fees are paid to certain Officers of the Company, and until July 31, 2020, to an entity majority owned by a trust of which the former CEO of the Company is a beneficiary.
- (3) Professional fees were paid or accrued paid to a law firm in which a former Director of the Company is a partner.

Additionally, during the nine months ended October 31, 2020, Directors and Officers of the Company participated in the May 2020 private placement for an aggregate 2,631,571 Class A SUB Units and 904,139 Class B SVS Units in settlement of debt totalling \$565,714 (CAD \$791,761) (Note 13).

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15. Related party balances and transactions (continued)

Other related party transactions:

The following transactions during the nine months ended October 31, 2020, and ten months ended October 31, 2019 involved other related parties as follows:

	October 31, 2020	October 31, 2019
	\$	\$
(1) Lease and rental income	751,415	545,776
(1) Net service income	33,264	194,061
(2) Interest income on loans receivable	9,550	22,549
	794,229	762,386

(1) Amounts charged to Cannabis Corp.

(2) Interest income was earned on a loan receivable from Cannabis Corp., and a loan receivable from a company controlled by a common director.

Related party balances:

The following balances were receivable from (payable to) related parties as at October 31, 2020 and January 31, 2020:

	October 31, 2020	January 31, 2020
	\$	\$
(1) Receivables	495,743	418,980
(1) Leases receivable (current)	48,623	118,569
(1) Leases receivable (non-current)	626,448	685,462
(1) Loans receivable	118,070	108,520
Trade and other payables	(99,332)	(181,598)
(2) Other liabilities	-	(82,650)

(1) Receivable from Cannabis Corp.

(2) Payable to the President of the Company, and/or to an entity majority owned by a trust of which the former CEO of the Company is a beneficiary.

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16. Financial risk management

Fair value of financial instruments

Financial instruments measured at fair value on the consolidated statements of financial position are summarized into the following fair value hierarchy levels:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

There were no transfers between levels during the periods presented.

Classification of financial instruments

Financial assets:	Classification:	Subsequent measurement:
Cash	FVTPL	Fair value
Receivables	Amortized cost	Amortized cost
Leases receivable	Amortized cost	Amortized cost
Loans receivable	Amortized cost	Amortized cost
Deposits	Amortized cost	Amortized cost

Financial liabilities:	Classification:	Subsequent measurement:
Trade and other payables	Amortized cost	Amortized cost
Lease liabilities	Amortized cost	Amortized cost
Loans payable	Amortized cost	Amortized cost
Other liabilities	Amortized cost	Amortized cost
Warrant liability	FVTPL	Fair value
Tenant deposits	Amortized cost	Amortized cost
Contingent consideration	FVTPL	Fair value

The fair value of cash is measured using Level 1 inputs. The carrying values of receivables, leases receivable (current portion) loans receivable (current portion), deposits, trade and other payables, lease liabilities (current portion), loans payable, other liabilities, and tenant deposits approximate their respective fair values due to their short-term term to maturity or guaranteed cash value at maturity.

The non-current portions of leases receivable, loans receivable, and lease liabilities also approximate fair value as they bear market rates of interest.

The Company's warrant liability and contingent consideration were measured using Level 3 inputs. See Note 13(c) for details of the Level 3 inputs and changes in the warrant liability. Changes in the contingent consideration during the thirteen months ended January 31, 2020 is shown below. There were no changes during the nine months ended October 31, 2020.

	Contingent Consideration
	\$
December 31, 2018	-
Addition (Note 5)	3,769,631
Gain on change in fair value of contingent consideration	(3,769,631)
January 31, 2020 and October 31, 2020	-

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16. Financial risk management (continued)

Financial instruments - risk

The Company thoroughly examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include market risk (including interest rate risk, price risk, and currency risk), credit risk, and liquidity risk.

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: interest rate risk, price risk, and currency risk, and commodity price risk. The Company does not have any direct exposure to commodity price risk.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is not exposed to significant interest rate risk as there are no financial instruments bearing variable rates of interest.

Price risk

Equity price risk is defined as the potential adverse impact on the Company's results of operations and the ability to obtain financing, due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in value may be significant.

Currency risk

Currency risk is the risk of change in profit or loss that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company is exposed to currency risk with respect to the trade and other payables denominated in Canadian dollars, and outstanding non-compensatory warrants in INDVR issued with exercise prices denominated in U.S. dollars which differs from INDVR's Canadian functional currency. A 10% change in the foreign exchange rate between the U.S. dollar and Canadian dollar would have had an insignificant impact profit or loss for the nine months ended October 31, 2020 (2019 - \$5,000).

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16. Financial risk management (continued)

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk for the Company arises from cash, receivables, leases receivable, loans receivable, and deposits. The carrying amount of these financial assets represents the maximum credit exposure as at October 31, 2020 and January 31, 2020.

Cash is deposited in a bank account held with a major Canadian bank, and one bank in Colorado. Cash is redeemable on demand and each bank has reputable credit quality. Accordingly, the credit risk exposure on cash is limited and management considers the risk to be minimal for its cash deposits. The Company has sales tax recoverable which is due from the Canadian Government and management considers the credit risk to be low.

The Company is exposed to credit risk inherent in its trade receivables which include credit exposures to customers and their outstanding trade receivable balances. As noted above, a significant portion of trade receivables were reclassified to non-current assets as the Company negotiates refinancing terms on these amounts. Credit risk relating to the leases receivable from Cannabis Corp., is considered low as Cannabis Corp. is current on equipment lease payments. Overall, Cannabis Corp.'s ability to repay all amounts due to the Company in full, is dependent on either Cannabis Corp. generating profitable and cash flow positive operations or completion of the proposed transaction to acquire Cannabis Corp. (Note 1). The Company also assesses the credit risk with respect to its loans receivable to be low as one of the debtors is credit-worthy while the amount from Cannabis Corp. is intended to be settled upon closing of the proposed transaction.

Impairment of financial assets

The Company has these types of financial assets that are subject to the expected credit loss model:

- Trade receivables arising from lease and rental income, and service income;
- Leases receivable;
- Loans receivable; and
- Deposits.

While cash is also subject to the impairment requirements of IFRS 9, the risk is insignificant.

The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and leases receivable. The Company applies the general approach using practical expedients to loans receivable which involves recognition at each reporting date of a loss allowance based on a 12-month expected credit loss model without the requirement to re-assess whether any significant increases in credit risk have occurred at each reporting date.

To measure the expected credit losses, trade receivables and leases receivable have been respectively grouped based on specific credit risk characteristics, debtor circumstances, and the days past due. The volume of debtors in these respective categories is low. The expected loss amounts are based on historical payment profiles, and the corresponding historical credit losses experienced within this period for these debtors. The historical loss rates, if any, are considered and adjusted in respect of aged trade receivables to reflect current and forward-looking information on factors specific to the customers' ability to settle the receivables.

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16. Financial risk management (continued)

(b) Credit risk (continued)

As at October 31, 2020 and January 31, 2020, the Company's loss allowances, and loss provisions recognized during the respective periods were as follows:

As at October 31, 2020	Loss allowance \$	Loss provision \$	Total \$
Trade receivables	293,315	-	293,315
Loans receivable (1)	(165,683)	165,683	-
Total	127,632	165,683	293,315

As at January 31, 2020	Loss allowance \$	Loss provision \$	Total \$
Trade receivables	251,024	552,329	803,353
Loans receivable (2)	165,683	-	165,683
Leases receivable	-	1,130,019	1,130,019
Total	416,707	1,682,348	2,099,055

(1) Loss allowance was recognized in prior years. No additional loss allowance or loss provision was recognized during the nine months ended October 31, 2020.

(2) Loss allowance on loans receivable was recognized in profit or loss during the year ended December 31, 2018. No change was recognized during the thirteen months ended January 31, 2020.

The loss provision recognized on leases receivable during the thirteen months ended January 31, 2020, relates to the lease amendments entered with Cannabis Corp. (Note 6). Moreover, the loss allowance on trade receivables at October 31, 2020 relates to one customer (January 31, 2020 - \$803,353 relates to two customers, and the loss allowance relates to one customer). There was no change in the loss provision on loans receivable during the nine months ended October 31, 2020, and therefore \$nil recognized in loss for the period.

Trade receivables, leases receivable, and loans receivable are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, failure of a debtor to engage in a repayment plan with the Company, the issuance by the Company of a Notice of Default, or a Court Order for Possession, and a failure by the debtor to make contractual payments for a period of greater than 120 days past due, or shorter if specific circumstances suggest otherwise. Impairment losses are presented as loss provisions within profit or loss. Subsequent recoveries of amounts previously written-off are credited against the same line item.

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16. Financial risk management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. As at October 31, 2020, the Company had a working capital deficiency of \$3,028,352. The following table summarizes the Company's contractual maturity for its financial liabilities, including both principal and interest payments:

As at October 31, 2020	Carrying amount	Contractual cash flows	Under 1 year	1-3 years	3-5 years	More than 5 years
	\$	\$	\$	\$	\$	\$
Trade and other payables	2,323,605	2,323,605	2,323,605	-	-	-
Lease liabilities	2,920,106	4,258,526	583,378	1,238,700	910,529	1,525,919
Loans payable	820,600	820,600	820,600	-	-	-
Tenant deposits	165,000	165,000	165,000	-	-	-
Total	6,229,311	7,567,731	3,892,583	1,238,700	910,529	1,525,919

17. Economic dependence

Receivables:

Receivables consists of the following:

	October 31, 2020	January 31, 2020
	\$	\$
Current		
Trade receivables	483,366	525,122
Sales tax recoverable	99,275	94,472
Other receivables	20,207	-
	602,848	619,594
Non-current		
Trade receivables (arm's length customers)	1,206,823	1,148,558
	1,206,823	1,148,558

As at October 31, 2020, current trade receivables were comprised of amounts due from two customers, one of which is Cannabis Corp. totalling \$475,536, (January 31, 2020 - \$465,435).

As at October 31, 2020 and January 31, 2020, non-current receivables represent trade receivables due from two customers. For one of the receivables, the Company is currently negotiating refinancing terms in the form of an interest bearing, secured promissory note of approximately \$825,000. The other receivable is being contemplated for settlement through completion of the proposed transaction with Cannabis Corp. (Note 1) (\$362,993).

Revenue:

During the nine months ended October 31, 2020, the Company derived 88% (2019 – 53%) of its revenues from Cannabis Corp.

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18. Reclassification of revenue

The Company reclassified its service income and service expense within revenue and cost of sales respectively, for the ten months ended October 31, 2019. This adjustment impacts total revenue and total cost of sales, as these two components are combined as net service (loss) income. This adjustment does not affect gross profit, loss from operations, or loss for the period.

For the ten months ended October 31, 2019

	Before reclassification	Reclassification	After reclassification
	\$	\$	\$
Total revenue	4,943,791	(4,677,536)	266,255
Total cost of sales	(4,606,398)	4,434,960	(171,438)
Net service income	-	242,576	242,576
Gross profit	337,393	-	337,393

The reclassification conforms with management's assessment that the Company is an agent to the service income it generates as it does not have control over the workforce employed by its customers. The Company acts as an intermediary among providing other services related to its customers' payroll, including but not limited to remitting salaries and wages to its customers' workforce on behalf of its customers. The Company earns a fee for providing such service.

19. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and where permissible to pursue opportunities to complete potential business and/or asset acquisitions of state-licensed cannabis cultivators, manufacturers, and dispensaries throughout legal markets within the United States. The Company can attempt to raise new capital through equity and debt issuances. The Company is not exposed to any externally imposed capital requirements, nor were there changes in the Company's approach to capital management during the nine months ended October 31, 2020.

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20. Commitments and contingencies

a) Commitments (sublease income):

As at October 31, 2020, the Company has three sublease agreements in effect whereby it subleases two cultivation facilities and one dispensary to Cannabis Corp. Minimum annual lease payments receivable by the Company for the facility subleases, and equipment subleases (Note 6) all in effect with Cannabis Corp. are as follows:

Fiscal Year	Facilities	Equipment (Note 6)
	Total Commitment Receipts \$	Total Commitment Receipts \$
2021 (remainder)	58,947	130,957
2022	242,863	523,827
2023	250,151	523,827
2024	257,656	523,827
2025	265,381	436,523
Thereafter	592,507	-
	1,667,505	2,138,961

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20. Commitments and contingencies (continued)

b) Contingencies:

The Company is Defendant to all the following legal proceedings, unless otherwise noted.

Alan and Brooks Builders LLC (“A&B”)

In October 2018, the Company received a notice of civil claim against the Company with respect to the construction of one of the Company's leased properties. A&B was originally seeking to recover \$507,767 in labor and materials related to work performed, but after a mediation meeting and further clarification, the amount claimed was significantly reduced to approximately \$212,000. It is the position of the Company that A&B was hired to perform certain construction services at the property, but that the parties never entered into a written contract and never agreed to the cost of construction services.

In December 2019, this matter went to jury trial with a judgment determined against the Company in the amount of approximately \$212,000. In June 2020, the District Court in Denver Colorado entered its Order of Judgment against the Company for approximately \$240,000 (including statutory interest). Management, in consultation with legal counsel, was advised to appeal this judgment to reduce the possible amount owing to A&B. Outside legal counsel for the Company filed this appeal in mid-November 2020, with A&B's response to the appeal required to be filed by mid-December 2020 (not yet received).

In an attempt to force collection of this judgment before any pending appeal by the Company, A&B placed a judgment lien of approximately \$240,000 against certain dispensary and cultivation facilities in Denver associated with the Company. The landlord and owner of these facilities paid this amount in full on behalf of the Company to remove the lien. During the nine months ended October 31, 2020, the Company partially reimbursed the landlord, leaving \$100,182 in trade and other payables as at October 31, 2020. The Company is making monthly payments to the landlord to eliminate the remaining balance owing, with the final payment to be made in February 2021.

Strainz, Inc. (“Strainz”) & Bronnor Corp. (“Bronnor”) (Company is Plaintiff and Defendant in a consolidated proceeding)

In December 2018, the Company filed a claim against Bronnor for breach of contract pursuant to the Materials Purchases Agreement entered into on August 2, 2018 as Bronnor had failed to engage in a repayment plan with the Company on the funds advanced by the Company to Bronnor. The Company is seeking repossession of inventory which was pledged as security for the funds advanced, and monetary damages of approximately \$130,000 against Bronnor.

On January 29, 2019, Strainz and Bronnor filed a claim against the Company claiming breach of contract, breach of implied covenant of good faith and fair dealing, misappropriation of trade secrets, and fraudulent misrepresentation and concealment. Strainz and Bronnor were parties to loans receivable that were written-off during the year ended December 31, 2018. Strainz and Bronnor are seeking monetary damages against the Company.

On April 29, 2019, the Company filed a Motion to Dismiss this proceeding on the basis that necessary and indispensable parties were not made parties to the litigation. Strainz and Bronnor also filed a Motion to Consolidate this proceeding with the proceeding involving the Company's claim against Bronnor as noted above. The Company responded to the Motion to Consolidate on May 20, 2019. On June 4, 2019, the Motion to Consolidate the Company's claim against Bronnor with the related lawsuit filed by Strainz and Bronnor against the Company, was granted by the court in favour of the Company. Further, on June 24, 2019, the Company provided its response in support of the Motion to Dismiss or to join Strainz and Honu to the same action. The Motion to Consolidate as granted by the court, combines the multiple actions between these parties into a single matter. On August 16, 2019, the Company filed its Reply to Strainz and Bronnor's counterclaims, filed a Motion to Amend its Complaint, and provided its Proposed Amended Complaint and exhibits with the court. The Company does not believe that there is any substantive merit to any of the claims asserted against it and denies that any of the claims are supported by evidence.

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20. Commitments and contingencies (continued)

b) Contingencies (continued):

Strainz, Inc. (“Strainz”) & Bronnor (continued):

On August 6, 2020, the parties entered a mutual Agreement to Stay the court proceedings pending resolution of all matters through either non-binding mediation or binding arbitration, with certain deadlines for the completion of this alternative dispute resolution. On September 3, 2020, the parties both participated in the non-binding mediation. While substantial progress was made in understanding the claims and concerns of each party, no settlement resolution was reached during this session. As required by the Agreement to Stay, a panel of three (3) arbitrators has already been determined and the arbitration, governed by the American Arbitration Association (“AAA”), will proceed by virtual video conference (or in person if possible due to COVID-19 restrictions) with an estimated five (5) day review of evidence and witnesses commencing on March 8, 2021. No complete evaluation can be made of the likelihood of success of these arbitration proceedings at this time. The Company believes that many of the claims are unfounded and the damages claimed are greatly overstated.

Accordingly, no provision for possible loss has been included in these financial statements.

Stun Gun, LLC

In October 2019, Stun Gun, LLC (“StunGun”), a California based public relations company filed an action in the District Court of Colorado seeking approximately \$60,000 related to an invoicing dispute between StunGun and the Company. The dispute is based on unapproved invoices issued by StunGun under a contract between the parties that was contemporaneously terminated.

In June 2020, StunGun filed a Motion for Summary Judgment in this dispute seeking an expedited ruling in accordance with an available court procedure in Colorado for claims seeking under \$100,000. In September 2020, the Company and StunGun reached a complete settlement of this matter and binding legal documents reflecting this settlement have been finalized between the parties.

As at October 31, 2020, \$60,000 is included in trade and other payables related to this matter. The matter is now in the process of being vacated and dismissed, with the Company issuing shares in mid-November 2020 in exchange for certain continued PR services from StunGun to be provided throughout 2021.

Nerland Lindsey LLP

In early February 2020 and again in June 2020, the Company received a Statement of Complaint filed in the Alberta Court of Queen’s Bench from Nerland Lindsey LLP (“Nerland”), a Calgary based law firm, seeking approximately \$51,000 CAD (\$38,030) related to a legal services and invoicing disputed between Nerland and the Company. The dispute is based on whether certain legal services provided by Nerland were appropriate in amount invoiced. Further, there is a jurisdictional issue regarding the court venue where this court action is filed and where the legal services were provided.

In mid-November 2020, the Company reached a binding settlement with Nerland and, in accordance with this agreement, the Company issued shares to Nerland in complete satisfaction of all claims. As at October 31, 2020, \$38,030 is recorded within trade and other payables. As of the date of these financial statements the Company considers this legal dispute fully resolved.

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20. Commitments and contingencies (continued)

b) Contingencies (continued):

Grid Property Management LLC

In late February 2020, an order for default judgment was entered by the Circuit Court in the State of Oregon against the Company for approximately \$174,000 payable to Grid Property Management LLC (“Grid”). This judgment is related to two facility leases that the Company entered into with Grid in Oregon to facilitate the ongoing operations of Honu. Rather than expending its resources to dispute the amounts owing under these leases with Grid, the Company intends to reclaim these funds, as appropriate, in the Company’s lawsuit with Honu (discussed above in Note 5).

As at October 31, 2020, the judgment amount of \$173,972, less security deposits of \$30,000 applied during the nine months ended October 31, 2020 as a reduction of the judgment amount (\$143,847 in aggregate), is recorded within trade and other payables.

RLM Public Relations, Inc.

In early April 2020, the Company received a Demand for Arbitration with the American Arbitration Association (“AAA”) from RLM Public Relations, Inc. (“RLM”), a New York based public relations company, seeking approximately \$67,500 related to an invoicing dispute between RLM and the Company. The dispute is based on which date RLM stopped providing investor relations services to the Company yet continued to invoice the Company.

In a split reward decision, the final judgment award in this arbitration was entered by the AAA on August 19, 2020 with the Company owing the amount of \$33,750 (plus judgment interest) to RLM. As at October 31, 2020, the payment of this arbitration reward amount remains outstanding and is recorded in trade and other payables.

Summary Table

A summary of the total loss provision recognized within trade and other payables as at October 31, 2020 and January 31, 2020, is as follows:

	October 31, 2020	January 31, 2020
Litigation involving the Company as Defendant	\$	\$
Allan and Brooks Builders LLC	100,182	240,000
Strainz & Bronnor	-	-
Stun Gun, LLC	60,000	60,000
Nerland Lindsey LLP	38,030	38,030
Grid Property Management LLC	143,847	173,846
RLM Public Relations, Inc.	33,750	67,500
	375,809	579,376

21. Segmented information

The Company operates in one segment which is the provision of services to licensed cannabis businesses in the United States. The Company provides marketing and payroll administration, sub-leases facilities, and sub-leases equipment relating to production, cultivation and dispensary operations of licensed cannabis businesses. Reportable segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources, and in assessing performance.

All the Company’s long-lived assets are located in the United States. All revenues were generated in the United States.

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22. Subsequent events

- a) On November 17, 2020, the Company closed the first tranche of a non-brokered private placement, inclusive of debt settlement arrangements consisting of the issuance of 15,681,250 Class A SUB Units at CAD \$0.08 each and 882,308 Class B SVS Units at CAD \$0.80 each for aggregate cash proceeds and debt settlements of \$1,498,392 (CAD \$1,960,346 with debt settlements totalling approximately CAD \$1,570,000).

Each Class A SUB Unit consists of one Class A SUB Share and one warrant with each warrant exercisable at CAD \$0.125 until November 17, 2022. Each Class B SVS Unit consists of one share and one warrant with each warrant exercisable and CAD \$1.25 until November 17, 2022 (each Class B SVS share is convertible into 10 Class A SUB Shares).

- b) On November 17, 2020, the Company granted 5,900,000 stock options to purchase Class A SUB Shares at CAD \$0.08 each expiring on November 16, 2025.