



IGNITE
INTERNATIONAL BRANDS, LTD.

CSE: BILZ, OTCQX: BILZF
WWW.IGNITE.CO



Condensed Interim Consolidated Financial Statements

For the periods ended September 30, 2021 and 2020

(These unaudited condensed interim consolidated financial statements, prepared by Management, have not been reviewed by the Company's external auditor)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim consolidated financial statements of Ignite International Brands, Ltd. (the “Company”) have been prepared and are the responsibility of the Company’s management. The unaudited condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards and reflect management’s best estimates and judgment based on information currently available.

The Company’s independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of the condensed interim consolidated financial statements by an entity’s auditor.





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IGNITE INTERNATIONAL BRANDS, LTD.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In Canadian Dollars)

	As at September 30, 2021	As at December 31, 2020
	\$	\$
Assets		
Current assets		
Cash	4,662,894	5,462,783
Receivables (note 7)	7,570,299	1,594,306
Inventory (note 8)	11,645,530	12,499,793
Deposits (note 9)	11,022,710	370,254
Prepaid expenses (note 10)	1,307,134	2,091,655
Total current assets	36,208,567	22,018,791
Non-current assets		
Long term receivable (note 7, 14)	3,096,188	3,017,973
Investments (note 11)	-	497,741
Property, plant and equipment, net (note 12)	492,462	568,906
Right of Use Assets, net (note 12)	5,084	27,963
Intangible assets, net (note 13)	274,734	301,808
Total noncurrent assets	3,868,468	4,414,391
Total assets	40,077,035	26,433,182
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 15)	10,827,344	3,259,668
Short term loans (note 16)	777,684	-
Short term convertible debt (note 16)	-	5,227,698
Due to related parties (note 23)	1,426	23,675
Short-term lease obligations (note 14)	-	24,589
Total current liabilities	11,606,454	8,535,630
Long Term Loans (note 16)	40,000	1,617,715
Convertible debenture liability (note 16)	14,703,520	4,478,575
Total long term liabilities	14,743,520	6,096,290
Total liabilities	26,349,974	14,631,920
Shareholders' equity		
Share capital (note 17)	106,095,779	103,235,779
Warrant reserve (note 17)	726,863	726,863
Option Reserve (note 17)	2,417,576	2,570,689
Contributed surplus	8,160,456	6,770,911
Other comprehensive income	2,988,846	3,013,027
Non-controlling interests (note 20)	37,156	-
Accumulated deficit	(106,699,615)	(104,516,007)
Total shareholders' equity	13,727,061	11,801,262
Total liabilities and shareholders' equity	40,077,035	26,433,182

Nature of operations (note 1)
Segmented results (note 25)
Subsequent events (note 26)
Commitments and contingencies (note 24)

Approved by the Board

/s/ "Dan Bilzerian" Director
/s/ "Lester Lee" Director

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

IGNITE INTERNATIONAL BRANDS, LTD.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(In Canadian Dollars)

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
	\$	\$	\$	\$
Sales revenue (note 19)	14,364,133	1,729,843	30,065,063	6,595,328
Cost of goods sold	11,396,724	1,238,578	22,112,332	4,610,360
Gross Profit	2,967,409	491,265	7,952,731	1,984,968
Operating expenses				
General and administrative (note 22)	2,806,507	2,917,912	7,930,744	12,215,153
Share based payments (note 17)	155,518	(1,763,710)	(124,977)	11,671
Marketing and promotion	1,061,645	435,554	2,168,155	3,817,725
Depreciation (note 12)	37,346	111,648	112,307	1,884,307
Amortization (note 13)	12,699	15,153	37,790	39,827
Listing expense	38,993	22,039	80,863	72,336
Bad debt expense	321,318	(57,567)	572,893	278,601
Total operating expenses	4,434,026	1,681,029	10,777,775	18,319,620
Income (Loss) from operations	(1,466,617)	(1,189,764)	(2,825,044)	(16,334,652)
Other income				
Debt Forgiveness (note 16)	-	-	1,558,136	-
Gain on debt extinguishment (note 16)	-	-	79,444	-
Gain on disposal of capital assets (note 12)	-	177,148	22,130	158,402
Investment gain (note 11)	34,942	(225,000)	230,944	90,000
Other income	773,499	-	1,121,219	-
Interest income	2,872	5,679	6,508	9,148
Total other income	811,313	(42,173)	3,018,381	257,550
Other expenses				
Interest expense	72,583	26,877	279,732	236,078
Interest accretion, leases (note 14)	63	125,792	762	534,793
Interest accretion, convertible debentures (note 16)	806,174	1,002,786	1,855,561	2,204,418
Loss on Contingent Assets	-	3,385,250	-	3,385,250
Inventory impairment	-	70,140	-	70,140
Exchange gain/loss	102,748	(634)	100,146	31,412
Total other expenses	981,568	4,610,211	2,236,201	6,462,091
Net loss before taxes	(1,636,872)	(5,842,148)	(2,042,864)	(22,539,193)
Income tax	3,869	(30)	3,869	5,921
Net loss	(1,640,741)	(5,842,118)	(2,046,733)	(22,545,114)
Cumulative translation adjustment	736,374	(239,602)	(24,181)	724,368
Net loss and comprehensive loss	(904,367)	(6,081,720)	(2,070,914)	(21,820,746)
Net loss attributed to:				
Ignite International Brands, Ltd.	(1,640,496)	(5,842,118)	(2,098,392)	(22,122,981)
Non-controlling interests	(245)	-	51,659	(422,133)
Net loss per share, basic and diluted (note 18)	(0.01)	(0.02)	(0.01)	(0.09)

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

IGNITE INTERNATIONAL BRANDS, LTD.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In Canadian Dollars)

	Number of Shares	Share capital	Cumulative translation adjustment	Option reserve	Warrant reserve	Contributed surplus	Non-controlling interests	Deficit	Total equity
	#	\$	\$	\$	\$	\$	\$	\$	\$
Balance, December 31, 2019	256,928,254	82,824,059	3,348,826	1,260,785	726,863	1,262,131	(788,676)	(83,653,563)	4,980,425
Stock based compensation (note 17)	-	-	-	11,671	-	-	-	-	11,671
Issuance of convertible debentures (note 16)	-	-	-	-	-	2,157,901	-	-	2,157,901
Exercise of convertible debentures (note 16)	443,823	681,239	-	-	-	(115,136)	-	-	566,102
NCI, capital contributions (note 20)	-	-	-	-	-	-	981,943	-	981,943
Acquisition of NCI portion of Ignite Distribution, Inc. (note 6)	320,856	330,482	-	-	-	-	(193,267)	(1,490,515)	(1,353,301)
Net loss for the period	-	-	724,368	-	-	-	-	(22,545,114)	(21,820,746)
Balance, September 30, 2020	257,692,933	83,835,779	4,073,194	1,272,456	726,863	3,304,895	-	(107,689,192)	(14,476,005)

	Number of Shares	Share capital	Cumulative translation adjustment	Option reserve	Warrant reserve	Contributed surplus	Non-controlling interests	Deficit	Total equity
	#	\$	\$	\$	\$	\$	\$	\$	\$
Balance, December 31, 2020	307,692,933	103,235,779	3,013,027	2,570,689	726,863	6,770,911	-	(104,516,007)	11,801,262
Stock based compensation (note 17)	-	-	-	(153,113)	-	28,139	-	-	(124,974)
Issuance of II \$1M convertible debentures (note 16)	-	-	-	-	-	40,714	-	-	40,714
Issuance of \$16M consolidated debt (note 16)	-	-	-	-	-	2,109,703	-	-	2,109,703
Extinguishment of convertible debentures (note 16)	-	-	-	-	-	(789,010)	-	-	(789,010)
Issuance of Subordinate Voting Shares (note 17)	2,000,000	2,860,000	-	-	-	-	-	-	2,860,000
Dissolution of Ignite International Brands (Ireland), Ltd.	-	-	-	-	-	-	-	(137,083)	(137,083)
NCI, capital contributions (note 11, 19)	-	-	-	-	-	-	3,183,000	-	3,183,000
Dissolution of Ignite Distribution Company, Inc.	-	-	-	-	-	-	(3,197,503)	51,866	(3,145,637)
Net loss for the period	-	-	(24,181)	-	-	-	51,659	(2,098,392)	(2,070,914)
Balance, September 30, 2021	309,692,933	106,095,779	2,988,846	2,417,576	726,863	8,160,456	37,156	(106,699,615)	13,727,061

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

IGNITE INTERNATIONAL BRANDS, LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Canadian Dollars)

	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Cash flow from operating activities:		
Net loss for the period	(2,046,733)	(22,545,113)
Items not involving cash:		
Accreted interest on leases (note 14)	762	534,793
Amortization of intangible assets (note 13)	37,790	39,827
Depreciation of property, plant and equipment (note 12)	112,307	1,884,307
Gain on extinguishment of debt (note 16)	(79,444)	-
Accrued coupon interest on convertible debentures (note 16)	320,577	1,516,328
Interest accretion on convertible debentures (note 16)	1,885,582	2,208,608
Loan forgiveness on PPP Loans (note 16)	(1,558,136)	-
Share-based payments (note 17)	(124,977)	11,671
Discounted interest on long term receivable (note 7)	(79,886)	-
Gain on investment (note 11)	230,944	-
Fair value adjustment on investment	(384,891)	(90,000)
Interest on short-term note (note 16)	78,238	-
Changes in non-cash working capital items:		
Accounts receivable (note 7)	(6,059,924)	(317,387)
Short term note receivable (note 7)	-	(3,385,250)
Prepaid expenses (note 10)	779,612	(2,050,446)
Inventory (note 8)	(1,627,644)	(2,301,947)
Accounts payable and accrued liabilities (note 15)	7,549,330	(1,134,628)
Due from related parties (note 23)	-	(41,506)
Deposits (note 9)	(10,657,393)	1,095,991
Due to related parties (note 23)	(22,262)	-
Long term coupon interest on convertible debt (note 16)	(803,932)	-
Net cash provided by (used in) operating activities	(12,450,081)	(24,574,752)
Cash flows from investing activities		
Acquisition of Intangible assets (note 13)	-	(237,498)
Acquisition of property, plant and equipment (note 14)	-	(163,613)
Disposal of property, plant and equipment (note 14)	(22,130)	23,999
Sale of investment, net (note 11)	1,337,555	-
Exercise of Numinus warrants (note 11)	(650,925)	-
Acquisition of NCI portion of Ignite Distribution, Inc. (note 6)	-	(1,353,302)
Non controlling interest in subsidiary	3,183,000	981,943
Dissolution of Ignite Distro Co.	(630,098)	-
Dissolution of Ignite Ireland	(136,934)	-
Net cash provided by (used in) investing activities	3,080,468	(748,472)
Cash flow from financing activities:		
Issuance of subordinate shares, net (note 17)	2,860,000	-
Issuance of short term convertible debt, net (note 16)	4,204,250	4,654,738
Extinguishment convertible debt, net (note 16)	(15,173,074)	1,298
Issuance of long term convertible debt, net (note 16)	16,034,717	-
Issuance of short term note payable (note 16)	2,809,973	-
Payment of short term note (note 16)	(2,115,991)	-
Payment of interest on short term note (note 16)	(78,935)	-
Principal payments on lease obligations (note 16)	(24,589)	4,895,338
Interest payments on lease obligations (note 16)	(762)	(534,793)
Long term loans payable (note 16)	-	1,480,194
Net cash provided by (used in) financing activities	8,515,590	10,496,774
Foreign exchange affecting cash	54,135	598,168
Change in cash during the period	(799,889)	(14,228,281)
Cash, beginning of year	5,462,783	15,138,092
Cash, end of the period	4,662,894	909,811

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

1. NATURE OF OPERATIONS

Ignite International Brands, Ltd. ("Ignite Pubco", "Ignite" or the "Company") is a publicly traded company currently listed on the Canadian Securities Exchange ("CSE"), trading under the symbol "BILZ" and on the OTCQX trading under the symbol "BILZF". The Company was originally incorporated in the Province of British Columbia on February 25, 1985, under the name "Info-Stop Communications Inc." by articles of incorporation pursuant to the provisions of the Ministry of Consumer and Corporate Affairs Company Act. The registered and records office is located at 700 West Georgia Street, 25th floor, Vancouver, British Columbia V7Y 1B3, Canada.

Ignite is a consumer-packaged goods company, leveraging the IGNITE brand via multiple product platforms in the synthetic and tobacco derived nicotine e-liquid, spirits, apparel, beverage, cannabidiol ("CBD") and cannabis sectors. The Company is in the process of expanding its business operations which currently includes branding, marketing, licensing, sales, and distribution, across the United Kingdom, the United States, Canada, Mexico, China, South America, the Middle East, Australia, India, Malaysia, and other strategic global markets. The Company intends to affect its growth through brand leveraging, product development, targeted marketing, and strategic supply chain partnerships in each of these target jurisdictions.

These unaudited condensed interim consolidated financial statements ("financial statements") have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due.

For the three and nine months ended September 30, 2021, the Company had a net loss attributed to shareholders of \$1,640,496 and \$2,098,392, respectively (2020; -\$5,842,118 and -\$22,122,981). For the nine months ended September 30, 2021, the Company had negative cash flow from operations \$12,450,081 (2020-Q3; -\$25,574,752), and positive working capital of \$24,602,113 (December 31, 2020; \$13,483,161). As of September 30, 2021, the Company had an accumulated deficit of \$106,669,615 (December 31, 2020; -\$104,516,007).

These financial statements were authorized for issuance by Board of Directors of the Company (the "Board of Directors") on November 29, 2021.

2. BASIS OF PRESENTATION

A) STATEMENT OF COMPLIANCE

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

IGNITE INTERNATIONAL BRANDS, LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In Canadian Dollars)

B) BASIS OF MEASUREMENT

These financial statements have been prepared and presented in Canadian dollars; the functional and presentation currency of the Company and, have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. These financial statements have been prepared using the accrual basis of accounting except for cash flow information.

C) FUNCTIONAL AND PRESENTATION CURRENCY

All figures presented in these financial statements are reflected in Canadian dollars, unless otherwise noted, which is the functional currency of the Company. Foreign currency transactions and translation into Canadian dollars is computed in accordance with the Company's foreign currency and foreign currency translation accounting policies (note 5). Functional currencies of subsidiaries included in these financial statements can be found in note 3.

3. BASIS OF CONSOLIDATION**A) SUBSIDIARIES AND INVESTMENTS WITH CONTROLLING INTERESTS**

Subsidiaries and investments with controlling interests are fully consolidated from the date on which control is acquired by the Company and they are deconsolidated from the date that control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company using consistent accounting policies. The financial statements of the subsidiaries and parent are consolidated on a line-by-line basis and all inter-company balances, revenues, expenses, earnings, and losses resulting from inter-company transactions are eliminated on consolidation.

Subsidiaries and investments included within these financial statements include:

Name of Subsidiaries	Place of Incorporation	Ownership Interest	Functional Currency	Activity
Ignite International Brands (Canada), Ltd.	Ontario, Canada	100%	CAD	Active
Ignite International Brands (U.K.) Ltd.	London, United Kingdom	100%	GBP	Active
Ignite International, Ltd.	Wyoming, United States	100%	USD	Active
Ignite Spirits, Inc.	Wyoming, United States	100%	USD	Active
Ignite International Brands (Luxembourg) S.A.	Luxembourg City, Luxembourg	100%	EUR	Active
Ignite International Brands SDN. BHD.	Kuala Lumpur, Malaysia	100%	MYR	Active
Ignite Beverages, Inc.	Delaware, United States	100%	USD	Inactive
Ignite Distribution, Inc.	Delaware, United States	100%	USD	Inactive
Ignite Internacional Marcas de Mexico, SA de CV	Guadalajara, Jalisco, Mexico	100%	MXN	Inactive
Ignite Distribution Company, Inc.	Wyoming, United States	50.1%	USD	Dissolved
Ignite International Brands (Ireland), Limited	Dublin, Ireland	100%	EUR	Dissolved

See segmented information (note 25) for more information.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Information about critical estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the financial statements can be found on www.sedar.com in the Company's most recently filed audited financial statements for the year ended December 31, 2020.

5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in these financial statements are consistent with those followed in preparation of the audited financial statements for the year ended December 31, 2020, which can be found on www.sedar.com in the Company's most recently filed annual audited financial statements which were prepared in accordance with IFRS as issued by the IASB.

6. ACQUISITIONS

Acquisition of Non-Controlling Interests in Ignite Distribution, LLC

On May 5, 2020, in consideration of financial accommodations provided by International Investments, Ltd. ("II"), Ignite Distribution, LLC ("Ignite USJO") issued 800 shares of its common stock to II free and clear of Encumbrances. The issuance constituted 80% of the issued and outstanding shares of common stock of Ignite USJO, reducing the Company's ownership to 10% of the issued and outstanding common stock of Ignite USJO (the "II Acquisition"). The remaining 10% of the Company ownership belonged to ECVD/MMS Wholesale LLC (d/b/a UBIQ) ("UBIQ").

In conjunction with the change in ownership, Ignite USJO was converted from an LLC to a corporation and the name was changed accordingly from Ignite Distribution, LLC to Ignite Distribution, Inc. ("Ignite Distro").

On May 29, 2020, the Company entered into a binding term sheet, pursuant to which, the Company would acquire the remaining 90% of the issued and outstanding equity securities of Ignite Distro that it did not already own.

On June 12, 2020, a definitive share purchase agreement was executed reflecting the terms of the binding term sheet and was approved of the Canadian Securities Exchange. As consideration for the purchase of the shares of Ignite Distro (the "Ignite Distro Acquisition"), the Company (i) issued to II an unsecured promissory note (the "II Note") in the amount of US\$3.35 million, bearing an annual interest rate of 10%, maturing on June 11, 2022; the II Note is repayable on the earlier of (x) the Company having consolidated annual EBITDA of at least US\$10 million, as reported on its quarterly or annual financial statements and calculated in the ordinary course AND the Company having unencumbered cash of at least US\$10 million during the same reporting period; and (y) two years from the closing date, with II being permitted to convert the II Note at any time prior to its maturity at a price per subordinate voting share of CA\$1.54; (ii) issued to MMS an unsecured promissory note (the "MMS Note") in the amount of US\$500,000, bearing an annual interest rate of 10%, maturing on December 11, 2021, with either the Company or MMS being permitted to convert the MMS Note at any time prior to its maturity at a price per subordinate voting share equal to the greater of (x) CA\$1.53, being the closing price on May 28, 2020; and (y) 110% of the closing market price of the shares on the last trading date immediately prior to the conversion of the MMS Note; and (iii) issued 285,205 Subordinate Voting Shares to II and 35,651 Subordinate Voting Shares to MMS.

IGNITE INTERNATIONAL BRANDS, LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

The II Acquisition was intended to be the first step of a two-part acquisition which ultimately resulted in the Ignite Distro Acquisition whereby the Company acquired 100% of Ignite Distribution, Inc. As the Company had controlling interest in Ignite USJO prior to the II Acquisition, the Company continues to consolidate Ignite Distribution, Inc. on a 100% basis.

Details of the carrying amount and the fair value of identifiable assets and liabilities acquired and purchase consideration paid resulting from the Ignite Distro Acquisition is as follows:

Consideration paid	CA\$
Fair value of shares issued to International Investments, Ltd. (285,205 @ \$1.03/subordinate voting share)	293,761
Fair value of shares issued to ECVD/MMS Wholesale, LLC. (35,651 @ \$1.03/subordinate voting share)	36,721
Issuance of Convertible Debenture Promissory Note to International Investments, Ltd.	4,540,255
Issuance of Convertible Debenture Promissory Note to ECVD/MMS Wholesale, LLC	677,650
Reassignment of Promissory Note from International Investments, Ltd. to Ignite International Brands, Ltd.	(4,503,549)
Total consideration	1,044,837
Non-Controlling Interests	CA\$
Non-Controlling Interests in Equity	1,652,550
Non-Controlling Interests in Retained Deficit	(1,459,282)
Non-Controlling Interests in Net Loss for the period to date of acquisition	(437,235)
Non-Controlling Interest Balance on Acquisition Date	(243,967)
Excess consideration over Non-Controlling Interest Balance	1,288,804
Total consideration	1,044,837

7. RECEIVABLES

A) ACCOUNTS RECEIVABLE

The Company's accounts receivable is comprised of the following amounts:

	As at September 30, 2021	As at December 31, 2020
	\$	\$
Trade receivables	7,456,590	1,334,513
Sales tax recoverable	113,709	259,793
Total accounts receivable	7,570,299	1,594,306

The Company assessed the carrying amount of accounts receivable as at September 30, 2021 for expected credit loss ("ECL") which resulted in a provision of \$422,668 (2020; \$150,536) against accounts receivables.

As at September 30, 2021, the Company also accrued \$208,384 (2020; \$nil) against trade receivables to account for customer programs and expected returns that will result in a reduction of accounts receivable balances within the following 12 months.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

B) LONG TERM RECEIVABLE

On July 10, 2020, the Company entered into a settlement agreement and release (the “Settlement Agreement”) with the owner of a property leased by the Company; in conjunction with the Settlement Agreement, the lease was terminated. The Settlement Agreement grants a division of proceeds relating an option to purchase for proceeds resulting from the sale of the property in excess of US\$55.0 million (the “Option to Purchase”). The Company will receive the first USD\$5.0 million above a US\$55.0 million sale price and an additional fifty percent (50%) of all net sales proceeds after its receipt of USD\$5.0 million. In the event sales proceeds are less than US\$55.0 million, the Company will receive US\$2.5 million, which is the lowest amount to be received in a sale scenario. The Company accounted for the contingent receivable in long-term receivable on its statement of financial position using a discounted rate of 3.5% over a 24 month term.

As of September 30, 2021, the Company had a balance of \$3,096,188 (2020-Q3; \$nil) in long-term receivables on the statement of financial position in relation to the Option to Purchase. For the three and nine months ended September 30, 2021, the Company recorded \$26,870 and \$78,365, respectively (2020; \$nil) to other income in the statement of loss in relation to the Option to Purchase.

Additional details relating to the Option to Purchase can be found on www.sedar.com in the Company’s most recently filed audited financial statements for the year ended December 31, 2020.

8. INVENTORY

The Company’s inventory is comprised of the following amounts:

	As at September 30, 2021	As at December 31, 2020
	\$	\$
Merchant apparel	412,094	265,211
Finished goods	9,126,091	8,971,121
Finished goods in process	198,488	-
Raw Materials	1,908,857	3,263,461
Total inventory	11,645,530	12,499,793

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IGNITE INTERNATIONAL BRANDS, LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In Canadian Dollars)

9. DEPOSITS

The Company's short-term deposits are disaggregated as follows:

	As at September 30, 2021	As at December 31, 2020
	\$	\$
Trade deposits	10,962,905	194,174
Retainers	59,805	145,639
Term deposit	-	30,441
Total deposits	11,022,710	370,254

Trade deposits includes deposits paid in advance on inventory purchases. As at September 30, 2021, the Company had \$nil long term deposits (December 31, 2020; \$nil).

10. PREPAID EXPENSES

The Company's prepaid expenses are comprised of the following amounts:

	As at September 30, 2021	As at December 31, 2020
	\$	\$
Expenses	1,283,657	2,069,383
Rents	23,477	22,272
Total prepaid expenses	1,307,134	2,091,655

11. INVESTMENTS**A) NUMINUS WELLNESS INC. (FORMERLY SALVATION BOTANICALS LTD.)**

On January 26, 2021, the Company exercised the 605,700 Numinus Wellness, Inc. ("Numinus") warrants at a cost of \$0.75 per warrant for a cost of \$454,275; and subsequently sold the shares for \$1.61 per share netting proceeds of \$515,705.

On January 27, 2021, the Company exercised the 50,000 Numinus warrants at a cost of \$0.75 per warrant for a cost of \$37,500; and subsequently sold the shares for \$1.62 per share netting proceeds of \$43,150.

On January 29, 2021, the Company exercised the remaining 212,200 Numinus warrants at a cost of \$0.75 per warrant for a cost of \$159,150; and subsequently sold the shares for \$1.36 per share netting proceeds of \$127,776.

During the nine months ended September 30, 2021, the Company realized an aggregate gain on the sale of Numinus shares of \$196,002 and as of the date of these financial statements, no longer held a position in Numinus.

More detail on the transactions related to the sale of Numinus shares held by the Company in prior periods, can be found on www.sedar.com in the Company's most recently filed audited financial statements for the year ended December 31, 2020.

IGNITE INTERNATIONAL BRANDS, LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

B) IGNITE DISTRIBUTION COMPANY, INC.

On January 1, 2021, the Company invested US\$2,500,000 for 1,005,000; 50.1% of the outstanding units of Ignite Distribution Company, Inc. The investment was executed via a Shareholders Agreement of Ignite Distribution Company, Inc. between Ignite International, Ltd. and Al Khalifa Group, LLC. Under the Shareholders Agreement, Al Khalifa Group contributed US\$2,500,000 for 1,000,000 units; 49.9% of the outstanding units of Ignite Distribution Company, Inc.

Management has assessed the terms and conditions of the joint arrangement under IFRS 10 Consolidated Financial Statements and has established that control exists under the nature of the agreement and as such the Company has accounted for the investment in Ignite Distribution Company Inc. using the full consolidation method and has accounted for non-controlling interests in the statement of financial position and statement of loss and comprehensive loss.

On July 30th, 2021, the Company elected to dissolve Ignite Distribution Company Inc. after management's review of the Company's strategic plan for the United States under current and expected market conditions.

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IGNITE INTERNATIONAL BRANDS, LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

12. PROPERTY, PLANT AND EQUIPMENT

A continuity of the property, plant, and equipment, including finance leases, is as follows:

	Leasehold Improvements	Furniture & Fixtures	Computer Hardware	Machine & Equipment	Right of Use Assets (1)(2)	Total
	\$	\$	\$	\$	\$	\$
Costs						
Balance, December 31, 2019	107,554	627,233	154,479	133,366	8,857,918	9,880,550
Additions	-	21,916	-	172,932	-	194,848
Disposals	(102,524)	(203,923)	-	(67,410)	(8,768,946)	(9,142,803)
Balance, December 31, 2020	5,030	445,226	154,479	238,888	88,972	932,595
Additions	-	-	-	-	-	-
Disposals	-	(93,262)	-	(1,852)	-	(95,114)
Balance, September 30, 2021	5,030	351,964	154,479	237,036	88,972	837,481
Accumulated depreciation						
Balance, December 31, 2019	27,688	63,032	8,931	8,021	2,992,186	3,099,858
Depreciation for the period	24,689	130,189	31,580	16,294	1,727,995	1,930,747
Disposals	(50,558)	-	-	(5,115)	(4,659,171)	(4,714,844)
Balance, December 31, 2020	1,819	193,221	40,511	19,200	61,010	315,761
Depreciation for the period	629	51,797	22,255	14,748	22,878	112,307
Disposals	-	(94,751)	-	(1,881)	-	(96,632)
Balance, September 30, 2021	2,448	150,267	62,765	32,067	83,888	331,435
Foreign currency movement						
Balance, December 31, 2019	6,610	(8,505)	(2,737)	(1,975)	(312,134)	(318,741)
Balance, December 31, 2020	-	(9,755)	(5,565)	(4,645)	-	(19,965)
Balance, September 30, 2021	-	(1,664)	(3,012)	(3,825)	-	(8,501)
Net book value						
Balance, December 31, 2019	86,476	555,696	142,811	123,370	5,553,598	6,461,951
Balance, December 31, 2020	3,211	242,250	108,402	215,043	27,963	596,869
Balance, September 30, 2021	2,582	200,033	88,702	201,145	5,084	497,546

Right-of-use assets included in property, plant and equipment consists of one office lease for the Company's head office; Vaughan, Ontario.

IGNITE INTERNATIONAL BRANDS, LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

13. INTANGIBLE ASSETS

A continuity of the intangible assets, is as follows:

	Product Development & Design	Software Development & Design	Patents & Trademarks	Total
	\$	\$	\$	\$
Cost				
Balance, December 31, 2019	-	55,942	287,238	343,180
Additions	18,451	-	120,196	138,648
Disposals	-	(16,725)	-	(16,725)
Balance, December 31, 2020	18,451	39,217	407,435	465,103
Additions	-	-	-	-
	-	-	-	-
Balance, September 30, 2021	18,451	39,217	407,435	465,103
Accumulated amortization				
Balance, December 31, 2019	-	6,024	101,703	107,727
Amortization for the year	-	4,060	42,481	46,541
Balance, December 31, 2020	-	10,085	144,184	154,269
Amortization for the year	1,357	2,834	33,600	37,790
Balance, September 30, 2021	1,357	12,919	177,784	192,060
Foreign currency movement				
Balance, December 31, 2019	-	222	626	848
Balance, December 31, 2020	-	(747)	(8,279)	(9,027)
Balance, September 30, 2021	(8)	10	1,689	1,691
Net book value				
Net book value, December 31, 2019	-	50,140	186,161	236,301
Net book value, December 31, 2020	18,451	28,385	254,971	301,808
Net book value, September 30, 2021	17,086	26,308	231,340	274,734

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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14. LEASE OBLIGATIONS

A continuity of right of use liabilities is as follows:

	As at September 30, 2021	As at December 31, 2020
	\$	\$
Opening balance	24,589	6,124,357
Disposals	-	(4,332,352)
Interest Accretion	762	530,453
Interest Payments	(762)	(530,453)
Principal Payments	(24,589)	(1,595,241)
Ending balance	-	196,764
Effects of foreign exchange	-	(172,175)
Less: Current portion	-	(24,589)
Long-term lease obligation	-	-

Future minimum lease payments (principal and interest) on leases as at September 30, 2021 is \$nil.

15. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company had the following accounts payable and accrued liabilities:

	As at September 30, 2021	As at December 31, 2020
	\$	\$
Trade payables	1,622,707	2,321,091
Other payables	66,265	18,439
Accrued and other liabilities	919,621	905,143
Unearned revenues	483,332	2,247
Stock received not invoiced	7,715,029	12,748
Sales tax payable	20,390	-
Total accounts payable and accrued liabilities	10,827,344	3,259,668

IGNITE INTERNATIONAL BRANDS, LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

16. DEBT

A) SHORT TERM PROMISSORY NOTES

The Company issued the following short-term promissory notes during the period ending September 30, 2021:

	IIC CAD\$1M Note	II USD\$1.5M Note	II CAD\$1M Note	
Issuance date	2020-11-09	2021-05-24	2021-06-10	
Maturity date	2020-12-31	2021-09-30	2021-12-15	
Lender*	IIC	II	II	
Note value	CAD 1,000,000	USD 1,500,000	CAD 1,000,000	
Interest rate	10%	10%	10%	
	CAD\$	CAD\$	CAD\$	Total CAD\$
Balance, December 31, 2019	-	-	-	-
Additions	1,000,000	-	-	1,000,000
Principal payments	(1,000,000)	-	-	(1,000,000)
Accrued interest	11,506	-	-	11,506
Interest Payments	(11,506)	-	-	(11,506)
Balance, December 31, 2020	-	-	-	-
Additions	-	1,809,973	1,000,000	2,809,973
Principal payments	-	(1,893,675)	(222,316)	(2,115,991)
Accrued interest	-	47,553	30,685	78,238
Interest Payments	-	(48,250)	(30,685)	(78,935)
Gain/loss on foreign exchange	-	84,398	-	84,398
Balance, September 30, 2021	-	-	777,684	777,684

*International Investments Company, LLC ("IIC"). and International Investments, Ltd. ("II") are considered a related party as the entities share a common director

For the three months and nine months ended September 30, 2021, the Company recorded interest expenses of \$54,493 and \$260,459, respectively, in relation to interest on short term loans (2020; \$nil and \$11,506, respectively).

B) PAYCHECK PROTECTION PROGRAM ("PPP LOAN")

Throughout the year-ended December 31, 2020, the Company was granted the following government loans in response to COVID-19:

- Ignite Pubco received a Canadian Emergency Business Account ("CEBA") loan for \$40,000. The loan was provided interest-free to assist in operation costs during the COVID-19 pandemic. The Company may be eligible for a 25% debt forgiveness provided the loan is 75% settled by December 31, 2022.
- Ignite US received a Small Business Administration ("SBA") loan for US\$1,079,687 as a result of its application to the PPP loan. The structure of this loan requires the Company to apply for loan forgiveness after assessing if it has met the appropriate criteria.
- Ignite Distro received "PPP" loans throughout the year totalling US\$159,486.

As at September 30, 2021, the SBA Loan and the PPP Loans were fully forgiven by the lenders. The Company included \$1,558,136 to debt forgiveness on its Interim Consolidated Statement of Loss and Comprehensive Loss to account for this forgiven debt.

IGNITE INTERNATIONAL BRANDS, LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

C) CONVERTIBLE DEBENTURE DEBT

Series A & B Convertible Debentures

On March 31, 2020, the holders of the Series A and Series B Convertible Debentures agreed to defer coupon interest owing as in the amount of \$193,333 to be deferred to September 30, 2020.

On October 26, 2020, the Company entered into a series of purchase agreements with the CEO and Chairman of the Company, and the Holder of the Series A and Series B Convertible Debentures (the "Seller") to settle the debt. In conjunction with the execution of the purchase agreement, the Seller forgave \$1,536,416 in outstanding interest relating to the Series & Series B Convertible Debentures. The CEO first entered into a Securities Purchase Agreement with the Seller, resulting in the sale all of the rights, title, and interest in and to the Series A and B Convertible Debentures by the Seller to the CEO. On closing of the Securities Purchase Agreement, the Company immediately purchased the Series A and B Debentures from the CEO for immediate cancellation in consideration for Proportionate Voting Shares in the capital of the Company. Pursuant to their terms, the Proportionate Voting Shares are convertible to Subordinate Voting Shares at a ratio of one (1) proportionate voting share for two hundred (200) Subordinate Voting Shares. For the purposes of the settlement of the Series A and B Convertible Debentures, the Company used a 39% premium to the closing price of the Subordinate Voting Shares on the Canadian Securities Exchange ("CSE") on the day prior to settlement resulting in a price of \$0.50 per subordinate voting share. The Company issued 100,000 Proportionate Voting Shares to settle the principle of the Series A Convertible Debentures and 100,000 shares to settle the principle of the Series B Convertible Debentures. An aggregate of \$1,536,416 in interest related to the Series A and B convertible Debentures was forgiven on closing.

On extinguishment, the closing price of the Subordinate Voting Shares on the Canadian Securities Exchange ("CSE") was \$0.36. The carrying value of the Series A Convertible Debenture was \$9,243,085 and the fair value of consideration paid was valued at \$9,052,124. The issuance of the 100,000 Proportionate Voting Shares at \$0.36 translated to \$7,200,000 in the capital of the Company. \$2,043,085 was also recorded by the Company to contributed surplus resulting from the extinguishment. The carrying value of the Series B Convertible Debenture was \$9,264,633 and the fair value of consideration paid was valued at \$9,052,124. The issuance of the 100,000 Proportionate Voting Shares at \$0.36 translated to \$7,200,000 in the capital of the Company; \$2,064,633 was also recorded by the Company to contributed surplus resulting from the extinguishment.

Information on the original issuance of the Series A & B Convertible Debentures can be found on www.sedar.com in the Company's most recently filed audited financial statements for the year ended December 31, 2020.

II CAD \$5MM Convertible Debenture

On June 8, 2020, the Company entered into a convertible debenture for proceeds of \$5,000,000 (the "II CAD \$5MM Convertible Debenture") from International Investments, Ltd. ("II"). The principal balance will accrue interest at a rate of 10% per annum, with the principal and interest due on the maturity date of the Debenture (the "Maturity Date"). The Maturity Date is the earlier of (i) June 7, 2022; and (ii) the Company achieving a minimum of \$10,000,000 of (x) earnings before interest, taxes, depreciation, and amortization and; (y) free cash flow, as reported in its annual or quarterly financial statements. Prior to the Maturity Date, II has the right to convert the balance of principal and interest payable thereunder to subordinated voting shares in the capital of the Company at a price per subordinate voting share equal to \$1.58.

IGNITE INTERNATIONAL BRANDS, LTD.

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(In Canadian Dollars)

II and MMS Convertible Debentures

On June 11, 2020, the Company entered a definitive share purchase agreement with II (note 16). In consideration for the purchase of the shares, the Company (i) issued an unsecured promissory note (the "II USD Note") in the amount of US\$3.35 million, bearing an annual interest rate of 10%, maturing on June 11, 2022; repayable on the earlier of (x) the Company having consolidated annual EBITDA of at least \$10 million, as reported on its quarterly or annual financial statements and calculated in the ordinary course, and the Company having free cash flow of at least \$10 million during the same reporting period; and (y) two years from the Closing Date, with II being permitted to convert the II USD Note and accrued interest at any time prior to its maturity at a price per Subordinate Voting Share of \$1.55; (ii) issued to ECVD/MMS Wholesale, LLC ("MMS") an unsecured promissory note in the amount of US\$500,000 (the "MMS Note"), bearing an annual interest rate of 10%, maturing on December 11, 2021, with either the Company or MMS being permitted to convert the MMS Note at any time prior to its maturity at a price per Subordinate Voting Share equal to the greater of (x) CA\$1.53, being the closing price on May 28, 2020; and (y) 110% of the closing market price of the shares on the last trading date immediately prior to the conversion of the MMS Note; and (iii) issued 285,205 Subordinate Voting Shares to II and 35,651 Subordinate Voting Shares to MMS.

Due to the convertible feature permitted under the II USD Note and the MMS Note, these promissory notes were deemed as convertible debentures.

On June 18, 2020, the MMS note and \$1,300 in related interest was settled through the issuance of 443,823 Subordinate Voting Shares in the capital of the Company, based on a price of \$1.53 per subordinate voting share. The extinguishment resulted in an increase in the share capital of the Company of \$681,239 and a reduction in contributed surplus of \$115,118.

On December 31, 2020, the Company settled all outstanding principal and interest totalling US\$3,536,315 extinguishing the II USD Note. The carrying value at on the date of extinguishment was US\$2,789,914. The fair value of the consideration paid was valued at US\$3,182,654. The extinguishment resulted in a gain of US\$169,916 recorded to the statement of profit and loss and a reduction in contributed surplus of US\$729,903.

II CAD \$2MM Convertible Debenture

On October 16, 2020, the Company entered into a convertible debenture for proceeds of \$2,000,000 (the "II CAD \$2MM Convertible Debenture") from II. The principal balance will accrue interest at a rate of 10% per annum, with the principal and interest due on November 16, 2020. While the balance was outstanding, II had the right to convert the balance of principal and interest payable thereunder to subordinated voting shares in the capital of the Company at a price per subordinate voting share equal to 125% of the closing market price on the CSE on the last day of trading immediately prior to the date of the note.

The Company settled this note in full on October 26, 2020. The extinguishment resulted in decrease of \$1,992,5978 in the carry value and a net decrease in contributed surplus of \$7,402.

IGNITE INTERNATIONAL BRANDS, LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

II \$6.5MM Convertible Debenture

On November 16, 2020, the Company entered into a convertible debenture for proceeds of \$6,537,500 (the "II CAD \$6.5MM Convertible Debenture") from II. The principal balance will accrue interest at a rate of 10% per annum, with the principal and interest due on demand. II has the right to convert the balance of principal and interest payable thereunder to subordinated voting shares in the capital of the Company at a price per subordinate voting share equal to \$1.00.

The convertible debenture was extinguished on March 31, 2021, in conjunction with the Extinguished Debt described below.

II \$3.2MM Convertible Debenture

On January 27, 2021, the Company issued a convertible debenture for proceeds of \$3,204,250 (the "II \$3.2MM Convertible Debenture") to International Investments Ltd. ("II"). The principal balance to accrue interest at a rate of 10% per annum, with the principal and interest due on demand. While the balance was outstanding, II had the right to convert the balance of principal and interest payable thereunder to subordinated voting shares in the capital of the Company at a price per subordinate voting share equal to 105% of the closing market price on the CSE on the last day of trading immediately prior to the date of the note.

The liability component of the II \$3.2MM Convertible Debenture was valued by the Company at the full \$3,204,250 value of the note due to the 'on demand' feature of the related principal and interest, resulting in a \$nil residual value allocated to equity.

The II \$3.2MM Convertible Debenture was extinguished on March 31, 2021, in conjunction with the Extinguished Debt described below.

II \$1MM Convertible Debenture

On February 4, 2021, the Company issued a convertible debenture for proceeds of \$1,000,000 (the "II \$1MM Convertible Debenture") to II. The principal balance to accrue interest at a rate of 10% per annum, with the principal and interest due on June 30, 2021. While the balance was outstanding, II had the right to convert the balance of principal and interest payable thereunder to subordinated voting shares in the capital of the Company at a price per subordinate voting share equal to 105% of the closing market price on the CSE on the last day of trading immediately prior to the date of the note.

The II \$1MM Convertible Debt was valued on February 4, 2021, in accordance with IFRS 9 and IAS 32, by allocating the face value to a liability and equity component. The equity component was the residual after determining the fair value of liability using a 12% discount rate. The valuation resulted in \$9,59,286 in short term convertible debenture liabilities, and \$40,714 in contributed surplus on initial recognition.

The II \$1MM Convertible Debenture was extinguished on March 31, 2021, in conjunction with the Extinguished Debt described below.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

Extinguished Debt

On March 31, 2021, the Company consolidated all outstanding convertible debentures between itself and II, (the “Extinguished Debt”), representing the consideration paid on extinguishment, and attained an additional \$1,000,000 from II; consolidating all debt to II into a single convertible debenture with principal value of CA\$16,034,717 (the “\$16MM Consolidated Debt”).

A full description of the convertible debentures owing to II that were included in the Extinguished Debt can be found on www.sedar.com in the Company’s most recently filed audited financial statements for the year ended December 31, 2020.

The Company accounted for the Extinguished Debt in accordance with IFRS 9 and IAS 32: AG33. The Company allocated the consideration paid to the liability and equity components of the instruments at March 31, 2021, with any resulting gain or loss in accordance with accounting principles applicable to the related component, as follows:

- (a) the amount of gain or loss relating to the liability component is recognised in profit or loss; and
- (b) the amount of consideration relating to the equity component is recognised in equity.

The Extinguished Debt resulted in an aggregate reduction of \$14,325,153 in convertible debt liability, \$789,010 reduction in contributed surplus, and a \$79,444 gain on debt extinguishment. Consideration paid for the extinguishment, resulted in a corresponding increase in convertible debt liability and equity by way of the \$16MM Consolidated Debt described below.

\$16MM Consolidated Debt

The \$16MM Consolidated Debt was issued by the Company as a result of the Debt Extinguishment noted above, with an additional \$1MM attained from II by the Company. The \$16MM Consolidated Debt matures on June 30, 2022 and accrues interest at a rate of 10% per annum, with interest due quarterly commencing June 30, 2021. While outstanding, II has the right to convert the balance of principal and interest outstanding into Subordinate Voting Shares of the Company at \$1.25 CAD per subordinate voting share.

The II \$16MM Consolidated Debt was valued on March 31, 2021, in accordance with IFRS 9 and IAS 32, by allocating the face value to a liability and equity component. The equity component was the residual after determining the fair value of liability using a 12% discount rate. The valuation resulted in \$13,925,014 recognized in long term convertible debenture liabilities, and \$2,109,703 in contributed surplus on initial recognition.

IGNITE INTERNATIONAL BRANDS, LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In Canadian Dollars)

A reconciliation of convertible debenture liability is as follows:

	\$
Long-term portion, December 31, 2019	18,008,555
Additions	18,755,405
Equity portion of convertible debt	(2,169,559)
Convertible debt interest accretion	2,826,127
Extinguishment of convertible debt	(28,029,637)
Current portion	(5,227,698)
Effects of foreign exchange	315,382
Long-term portion, December 31, 2020	4,478,575
Short term convertible debentures as at December 31, 2020	5,227,698
Additions to pre-consolidated convertible debt	4,204,250
Equity portion of additions to pre-consolidated convertible debt	(40,714)
Interest accretion on pre-consolidated convertible debt	273,122
Coupon interest outstanding on pre-consolidated convertible debt	320,577
Extinguishment of pre-consolidated convertible debt	(15,173,074)
Extinguishment of equity portion of pre-consolidated convertible debt	789,010
Gain on extinguishment of pre-consolidated convertible debt	(79,444)
Issuance of II \$16M Consolidated Debt	16,034,717
Equity portion of II \$16M Consolidated Debt	(2,109,703)
Interest accretion on post-consolidated convertible debt	1,582,438
Coupon interest payments	(803,932)
Current portion	-
Long-term portion, September 30, 2021	14,703,520

In the nine months period ending September 30, 2021, the Company settled accrued coupon interest in the amount of **\$803,932** owing on the II \$16MM Convertible Debt. At September 30, 2021, the Company had \$nil (2020: \$400,000) in coupon interest payable related to convertible debenture debt.

17. CAPITAL AND RESERVES

A) AUTHORIZED

As September 30, 2021, the authorized shares were as follows:

- Unlimited number of Subordinate Voting Shares without par value;
- Unlimited number of Proportionate Voting Shares without par value.

Subordinate Voting Shareholders are entitled to receive as and when declared by the directors of the Company, dividends in cash or property of the Company.

Proportionate Voting Shares are convertible into Subordinate Voting Shares. Prior to conversion, each proportionate voting share carries 200 votes per share compared to one vote per subordinate voting share. The Proportionate Voting Shares each have a restricted right to convert into 200 Subordinate Voting Shares. The ability to convert the Proportionate Voting Shares is subject to a restriction that the aggregate number of Subordinate Voting Shares and Proportionate Voting Shares held of record, directly or indirectly, by residents of the United States (as determined in accordance with Rules 3b-4 under the U.S. Exchange Act), may not exceed forty percent (40%) of the aggregate number of Subordinate Voting Shares

IGNITE INTERNATIONAL BRANDS, LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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and Proportionate Voting Shares issued and outstanding after giving effect to such conversions and to a restriction on beneficial ownership of Subordinate Voting Shares exceeding certain levels. In addition, the Proportionate Voting Shares will automatically convert into Subordinate Voting Shares in certain circumstances, including upon the registration of the Subordinate Voting Shares issuable upon conversion of all the Proportionate Voting Shares for resale under the U.S. Securities Act. Holders of Proportionate Voting Shares will be entitled to receive as and when declared by the directors of the Company, dividends in cash or property of the Company. If a dividend is declared for the Subordinate Voting Shares, holders of the Proportionate Voting Shares shall be entitled to receive the same dividend with respect to each subordinate voting share into which such proportionate voting share could then be converted.

B) ISSUED AND OUTSTANDING

A continuity of the Company's shares as at September 30, 2021 is as follows:

Shares	Subordinate Voting Shares	Proportionate Voting Shares	As Converted
	#	#	#
Balance, December 31, 2019	107,203,254	748,625	256,928,254
Issuance, Ignite USJO Acquisition (note 6)	320,856	-	320,856
Issuance, Conversion of MMS Note (note 6, 16)	443,823	-	443,823
Issuance, private placement by CEO (note 23)	-	50,000	10,000,000
Issuance, shares issued to extinguish Class A & B convertible debentures (note 16, 23)	-	200,000	40,000,000
Balance, December 31, 2020	107,967,933	998,625	307,692,933
Issuance, private placement	2,000,000	-	2,000,000
Shares Outstanding, September 30, 2021	109,967,933	998,625	309,692,933

On September 8, 2021, the Company closed a private placement for 2,000,000 subordinate voting shares of the Company for proceeds of \$2,860,000.

C) STOCK OPTIONS

The Company established a stock option plan to govern the grant, administration and exercise of stock options which may be granted to eligible optionees. The plan is designed to be a "rolling" stock option plan under CSE Policies, reserving at any one time a maximum of 10% of the issued shares of the Company for the exercise of options. The maximum term of an option granted is ten (10) years from the date of grant and no option is exercisable until it has vested in accordance with a vesting schedule set out by the administrator. An option price shall not be less than the discounted market price on the date before the grant.

IGNITE INTERNATIONAL BRANDS, LTD.
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Pursuant to the Company's stock option plan, the Company had the following outstanding stock options on September 30, 2021. The Company used the Black-Scholes model to establish the fair value of options granted by applying the following assumptions:

Grant Date	Vested Start Date	Expiry Date	Options	Stock price on Date of Grant	Exercise Price	Risk Free Rate	Volatility ⁽¹⁾	Dividends	Expected life
			#	\$	\$	%	%	\$	years
30-May-19	30-May-19	30-Apr-23	40,000	1.50	5.00	1.47	73.00	\$nil	1.58
22-Oct-20	22-Oct-21	22-Oct-24	3,190,000	0.36	0.50	0.26	100.03	\$nil	3.06
1-Dec-20	1-Dec-21	1-Dec-24	50,000	0.60	0.60	0.30	122.89	\$nil	3.17
21-Dec-20	21-Dec-21	21-Dec-24	100,000	0.59	0.70	0.29	123.05	\$nil	3.23
8-Mar-21	8-Mar-22	8-Mar-25	500,000	1.01	1.10	0.51	160.20	\$nil	3.44
23-Mar-21	23-Mar-22	23-Mar-25	50,000	1.09	1.09	0.50	160.46	\$nil	3.48
25-Mar-21	25-Mar-22	25-Mar-25	100,000	1.09	1.10	0.46	160.36	\$nil	3.48
19-Apr-21	19-Apr-22	19-Apr-25	30,000	0.76	0.76	0.50	155.60	\$nil	3.55
11-May-21	11-May-22	11-May-25	25,000	0.77	0.77	0.49	155.10	\$nil	3.61
21-Jun-21	21-Jun-22	21-Jun-25	10,000	0.72	0.72	0.62	154.17	\$nil	3.73
1-Jul-21	1-Jul-22	1-Jul-25	550,000	0.92	0.92	0.65	154.42	\$nil	3.75
8-Jul-21	8-Jul-22	8-Jul-25	30,000	1.05	1.05	0.65	154.55	\$nil	3.77
19-Jul-21	19-Jul-22	19-Jul-25	200,000	1.18	1.18	0.57	154.67	\$nil	3.80
27-Jul-21	27-Jul-22	27-Jul-25	20,000	1.08	1.08	0.54	154.98	\$nil	3.82
16-Aug-21	16-Aug-22	16-Aug-25	10,000	1.15	1.15	0.55	150.89	\$nil	3.88
24-Aug-21	24-Aug-22	24-Aug-25	50,000	1.19	1.19	0.56	150.01	\$nil	3.90
15-Sep-21	15-Sep-22	15-Sep-25	100,000	1.53	1.58	0.52	142.64	\$nil	3.96
			5,055,000					-	3.25

(1) Volatility is determined by calculating the standard deviation of the closing share price for the immediately preceding 365 days (252 trading days)

The number of stock options and weighted average exercise prices are as follows:

	Options	Weighted average exercise price
	#	\$
Balance as at December 31, 2020	4,870,000	0.55
Options issued	2,425,000	1.01
Options exercised	-	-
Options expired	17,918	2.25
Options forfeited/cancelled	2,222,082	0.63
Balance Outstanding September 30, 2021	5,055,000	0.73
Balance Exercisable December 31, 2020	55,781	4.22
Balance Exercisable September 30, 2021	40,000	5.00

Stock Options are measured at fair value at the date of grant and are expensed over the option's vesting period. For the three months ended September 30, 2021, the Company recorded \$155,518 (2020; \$1,763,710 recovery) in stock based compensation expense. For the nine months ended September 30, 2021, the Company recorded a recovery of \$124,977 (2020; \$11,671 expense) in share-based compensation. Recoveries were due to forfeitures over the applicable period.

IGNITE INTERNATIONAL BRANDS, LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

The following reflects the remaining contractual life for outstanding and exercisable options as at September 30, 2021:

Outstanding				Exercisable	
Expiry date	Exercise price	Options	Remaining contractual life	Options	Remaining contractual life
	\$	#	(years)	#	(years)
30-Apr-23	5.00	40,000	1.58	40,000	1.58
22-Oct-24	0.50	3,190,000	3.06		
1-Dec-24	0.60	50,000	3.17		
21-Dec-24	0.70	100,000	3.23		
8-Mar-25	1.10	500,000	3.44		
23-Mar-25	1.09	50,000	3.48		
25-Mar-25	1.10	100,000	3.48		
19-Apr-25	0.76	30,000	3.55		
11-May-25	0.77	25,000	3.61		
21-Jun-25	0.72	10,000	3.73		
1-Jul-25	0.92	550,000	3.75		
8-Jul-25	1.05	30,000	3.77		
19-Jul-25	1.18	200,000	3.80		
27-Jul-25	1.08	20,000	3.82		
16-Aug-25	1.15	10,000	3.88		
24-Aug-25	1.19	50,000	3.90		
15-Sep-25	1.58	100,000	3.96		
		5,055,000	3.25	40,000	1.58

D) WARRANTS

As of September 30, 2021, the number of outstanding warrants and weighted average exercise prices are as follows:

	Warrants granted	Weighted average exercise price
	#	\$
Balance Outstanding December 31, 2020	5,000,000	3.27
Balance Outstanding September 30, 2021	5,000,000	3.27

On October 26, 2020, ownership of the 5,000,000 subordinate voting share purchase warrants was transferred to the CEO and Chairman through a Securities Purchase Agreement (note 16, 23).

As of September 30, 2021, the Company had outstanding warrants as follows:

Outstanding				Exercisable	
Expiry dates	Warrants outstanding	Exercise price	Remaining Contractual Life	Exercisable Warrants	Remaining Contractual Life
Date	#	\$	years	#	years
25-Oct-22	2,500,000	3.32	1.07	2,500,000	1.07
10-Dec-22	2,500,000	3.22	1.19	2,500,000	1.19
Total warrants	5,000,000		1.13	5,000,000	1.13

IGNITE INTERNATIONAL BRANDS, LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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18. PROFIT/LOSS PER SHARE

As of September 30, 2021, the Company had 109,967,933 Subordinate Voting Shares and 998,625 Proportionate Voting Shares outstanding, 5,055,000 stock options outstanding and 5,000,000 warrants outstanding. No stock options or warrants have been included in the computation of diluted loss per share as their effect would be anti-dilutive.

Profit/Loss per share for the three and nine months ended September 30, 2021, and 2020 are as follows:

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
	\$	\$	\$	\$
Profit/Loss attributable to Ignite Pubco shares (\$)	(1,640,496)	(5,842,118)	(2,098,392)	(22,122,981)
Weighted average number of shares outstanding, basic and diluted	308,192,933	260,524,723	307,861,431	257,229,485
Net loss per share, basic and diluted (\$)	(0.01)	(0.02)	(0.01)	(0.09)

19. REVENUES

The Company generates revenue through three sales channels; e-commerce, wholesale, and royalties. Revenue generated by eCommerce and wholesale sales is recognized into the statement of profit and loss when control of the product transfers to the customer. Royalty income is earned through licensing of the IGNITE brand and imagery.

Revenues for the three and nine months ended September 30, 2021, and 2020 is as follows:

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
	\$	\$	\$	\$
E-Commerce sales	620,206	801,429	1,536,399	3,165,956
Wholesale sales	13,833,927	810,263	27,747,924	3,211,138
Royalties	(90,000)	118,151	780,740	218,234
Total Sales	14,364,133	1,729,843	30,065,063	6,595,328

Revenue as a percentage of total sales Revenues for the three and nine months ended September 30, 2021, and 2020 is as follows:

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
	%	%	%	%
E-Commerce sales	0.04	0.46	0.05	0.48
Wholesale sales	0.96	0.47	0.92	0.49
Royalties	(0.01)	0.07	0.03	0.03

See *Segmented Information*; note 25 for more information on geographic regions.

IGNITE INTERNATIONAL BRANDS, LTD.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In Canadian Dollars)

20. NON-CONTROLLING INTERESTS**A) IGNITE DISTRIBUTION, LLC**

On January 21, 2020, capital contribution was made by the members of Ignite Distribution, LLC. The members collectively contributed \$1,306,700 (USD\$1,000,000) in proportion to their respective ownership interests to be used for operational requirements. 50.1% ownership in Ignite Distribution, LLC held Ignite International, Ltd. resulted in a capital contribution of \$654,657 (USD\$501,000) and the 49.9% ownership in Ignite Distribution, LLC held by UBIQ resulted in a capital contribution of \$652,043 (USD\$499,000).

On February 14, 2020, an additional capital contribution was made by the members of Ignite Distribution, LLC. The members collectively contributed \$661,125 (USD\$499,000) in proportion to their respective ownership interests to be used for operational requirements. 50.1% ownership in Ignite Distribution, LLC held Ignite International, Ltd. resulted in a capital contribution of \$331,225 (USD\$250,000) and the 49.9% ownership in Ignite Distribution, LLC held by UBIQ resulted in a capital contribution of \$329,900 (USD\$249,000).

On May 5, 2020, Ignite Distribution, LLC, in conjunction with the II Acquisition (note 6) converted to Ignite Distribution, Inc., a corporation formed under the laws of the state of Delaware. The II Acquisition was intended to be the first step of a two-part acquisition which ultimately resulted in the Ignite USJO Acquisition (note 6) on June 11, 2020, whereby the Company acquired 100% of Ignite Distribution, Inc. As such, non-controlling interests were concluded upon the closing of the Ignite USJO Acquisition.

B) IGNITE DISTRIBUTION COMPANY, INC.

On January 1, 2021, the Company executed an agreement with Al Khalifa Group LLC (note 11). The following summarizes financial information before intragroup eliminations for the non-wholly owned subsidiary as at September 30, 2021:

	As at September 30, 2021	As at December 31, 2020
	(\$)	(\$)
Assets		
Current	-	-
Non-current	-	-
Total assets	-	-
Liabilities		
Current	-	-
Non-current	-	-
Total liabilities	-	-
Net Assets	-	-
Net Income	103,526	-
Interests		
Non-controlling interests – 49.9%	-	-
Controlling interests – 50.1%	-	-
Net Income attributed to non-controlling interest	51,659	-

On July 30th, 2021, the Company elected to dissolve Ignite Distribution Company Inc. after management's review of the Company's strategic plan for the United States under current and expected market conditions.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Information about financial instruments and risk management can be found on www.sedar.com in the Company's most recently filed audited financial statements for the year ended December 31, 2020.

22. EXPENSES BY NATURE

Below are the general and administrative expenses for the three and nine months ended September 30, 2021, and 2020:

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
	\$	\$	\$	\$
Payroll and benefits	1,574,964	1,763,049	4,609,394	7,449,973
Bank and Merchant Fees	73,831	82,816	126,974	207,941
Office Expenses	373,506	433,090	1,151,588	1,427,510
Facilities Expense	223,861	185,344	451,410	706,330
Consulting and advisory Fees	133,878	170,669	441,671	515,945
Professional Fees	328,215	188,580	924,714	1,100,783
Insurance	42,641	43,779	120,181	229,077
Travel and accommodation	55,610	50,585	104,812	577,594
Total general and administrative expenses	2,806,507	2,917,912	7,930,744	12,215,153

23. RELATED PARTY TRANSACTIONS

A) KEY MANAGEMENT PERSONNEL:

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

Remuneration attributed to key management personnel can be summarized as follows:

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
	\$	\$	\$	\$
Management salaries, bonuses, and other benefits	335,077	271,255	997,599	875,130
Share-based payment – management	175,660	-	498,656	-
Share-based payments – directors	78,221	-	122,003	-
Total	588,958	271,255	1,618,258	875,130

IGNITE INTERNATIONAL BRANDS, LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

B) AMOUNTS DUE TO/FROM RELATED PARTIES

As at September 30, 2021, the Company had the following amounts due to individuals or entities related to the Company:

- \$1,426 is due to individual related parties for operational expenses paid on behalf of the Company (2020; \$23,675);
- \$16,034,717 is due to II in relation to the *\$16MM Consolidated Debt* (note 16). The Company has included \$14,703,520 in long-term convertible debenture liability and \$2,109,703 in contributed surplus on the statement of financial position; and
- \$777,684 is due to II in relation to the *II CAD\$1MM Note* (note 16), which is included in short-term loans on the statement of financial position (2020; \$nil).

C) RELATED PARTY TRANSACTIONS

During the period ended September 30, 2021, the Company entered the following transactions with related parties:

- On January 27, 2021, the Company issued a convertible debenture to II for proceeds of \$3,204,250 (the "*II \$3.2MM Convertible Debenture*") (note 16);
- On February 4, 2021, the Company issued a convertible debenture to II for proceeds of \$1,000,000 (the "*II \$1MM Convertible Debenture*") (note 16);
- As part of a debt consolidation, on March 31, 2021, the Company issued a single convertible debenture for \$16,034,717 ("*\$16MM Consolidated Debt*") which included an incremental \$1,000,000 in convertible debt. The debt consolidation extinguished all convertible debt and related interest thereon previously issued to II (note 16);
- On May 24, 2021, the Company issued a short-term promissory note for US\$1,500,000 to II (the "*II USD\$1.5MM Note*"). The principal balance accrued interest at a rate of 10% per annum, with the principal and interest due on September 30, 2021 (note 16);
- On June 10, 2021, the Company issued a short-term promissory note for \$1,000,000 to II (the "*II CAD\$1MM Note*"). The principal balance accrued interest at a rate of 10% per annum, with the principal and interest due on July 31, 2021 (note 16);
- On July 6, 2021, the CEO purchased 32,600 Subordinate Voting Shares of the Company in the public market
- On August 26, 2021, the Company settled the May 24, 2021 *II USD\$1.5MM Note* for \$1,893,675 in principle and \$48,250 in related interest (note 16);
- On September 28, 2021, the Company renewed an annual trademark and copyright license agreement resulting in US\$50,000 payable to a company owned by the CEO.
- During the period ended September 30, 2021, the Company settled coupon interest due on the *\$16MM Consolidated Debt* owing to II in the amount of \$803,932 (2020; \$nil); and
- During the period ended September 30, 2021, the Company settled interest due on the *CAD\$1MM Note* in the amount of \$30,685 (2020; \$nil).

IGNITE INTERNATIONAL BRANDS, LTD.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

During the year ended December 31, 2020, the Company entered the following transaction with related parties:

- II, issued a US\$200,000 non-interest-bearing promissory note to Ignite Social, LLC and incurred US\$31,821 in Ignite Social expenses paid by the Company. These amounts were deemed uncollectible and written off to bad debt.
- The Company paid annual licensing fees of US\$50,000 to a company owned by the CEO.
- The Company, in connection with the Shared Services Agreement (“SSA”), paid on behalf of Blitz NV (“Blitz”), a company related to the CEO, US\$57,789 for salaries.
- The Company incurred \$316,801 in marketing and other expenses reimbursed to Blitz.
- The Company acquired all the non-controlling interests in Ignite Distro.
- The Company cancelled 2,100,000 stock options previously issued to related parties. 1,600,000 of these options were reissued.
- The Company entered into a series of purchase agreements with the CEO of the Company, and the Holder of the Series A and Series B Convertible Debentures (the “Seller”) to settle the Series A and Series B Convertible Debentures in the amount of \$20,000,000, resulting in the issuance of 200,000 Proportionate Voting Shares issued to the CEO and Chairman (note 16)
- The CEO of the Company subscribed for, and the Company issued to the CEO, 50,000 Proportionate Voting Shares for net proceeds of \$5,000,000 (note 17)
- On November 9, 2020, the Company issued a short-term promissory note for \$1,000,000 to IIC Management Company, Ltd (“IIC”), a lender related to the Company. The principal balance accrued interest at a rate of 10% per annum, with the principal and interest due on December 31, 2020. On December 21, 2020, the IIC CA\$1M Prom Note and \$11,506 in related interest thereon was paid in full.
- As of December 31, 2020, II had principal and interest due to it of \$10,719,785 as of December 31, 2020 and made purchases of product from Ignite of \$5,878,244 in 2020.

24. CONTINGENCIES AND COMMITMENTS

A) NOTICE OF CLAIM

On July 30, 2020, the Company was served with a Judicial Summons (the “Summons”), which was filed in the superior Court of California on July 7, 2020. The Summons named Ignite International Brands, Ltd., Ignite International, Ltd. and the Company’s Chief Executive Officer as defendants of the complaint for damages (the “Heffernan Lawsuit”). The Company believes the lawsuit is frivolous and, therefore, no provision has been made with regards to the Heffernan Lawsuit. The Company has filed its counterclaims against Mr. Heffernan for Breach of Fiduciary Duty for gross negligence, deceiving the Board of Directors, and for gross mismanagement.

B) LEGAL

The Company may be contingently liable with respect to claims incidental to the ordinary course of its operations. In the opinion of management, and based on management's consultation with legal counsel, the ultimate outcome of such matters will not have a materially adverse effect on the Company. Accordingly, no provision has been made in these consolidated financial statements for losses, if any, which might result from the ultimate disposition of these matters should they arise.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(In Canadian Dollars)

25. SEGMENTED INFORMATION

A) REPORTABLE SEGMENTS

For management purposes, the Company's business segments are geographically based. Chief operating decision makers ("CODM's") in each region monitor the operating results of their respective regions separately for the purpose of making decisions about resources to be allocated and of assessing performance.

As at September 30, 2021, as required by IFRS 8 Segment Reporting, the Company is required to report on two (2) geographic segments. The Company's reportable segments include: 1) Ignite Pubco, a corporate office, and 2) United States ("USA"). The primary function of Ignite Pubco is reporting to the Canadian Stock Exchange. Ignite Pubco also incurs various corporate expenditures such as legal and professional fees and is responsible for allocating funding to the various segments. The USA segment is engaged in the business of development and distribution of Ignite branded nicotine, CBD, beverages, spirits, and other related IGNITE branded products throughout the United States.

B) SEGMENT RESULTS

Condensed information on the Company's operating segments for the nine-months ended September 30, 2021, and 2020 is as follows:

September 30, 2021	CORPORATE	UNITED STATES	CONSOLIDATED
	\$	\$	\$
Sales revenue	-	28,895,055	28,895,055
Cost of goods sold	-	(21,235,924)	(21,235,924)
Total gross profit	-	7,659,131	7,659,131
Total gross profit (%)	-%	27%	27%
Total operating expenses	(1,393,281)	(8,043,461)	(9,436,742)
Interest and other expenses	(1,957,573)	1,880,170	(77,403)
Net profit/loss before tax	(3,350,854)	1,495,840	(1,855,014)
Income tax	-	(3,869)	(3,869)
Net profit/loss after tax	(3,350,854)	1,491,971	(1,858,883)
Attributed to:			
Ignite International Brands, Ltd.	(3,350,855)	1,440,313	(1,910,542)
Non-controlling interests	-	51,659	51,659
Total assets	508,525	35,426,284	35,934,809
Total liabilities	15,720,600	10,018,733	25,739,333

September 30, 2020	CORPORATE	UNITED STATES	CONSOLIDATED
	\$	\$	\$
Sales revenue	-	5,964,838	5,964,838
Cost of goods sold	-	(4,243,540)	(4,243,540)
Total gross profit	-	1,721,298	1,721,298
Total gross profit (%)	-%	29%	29%
Total operating expenses	(1,592,481)	(15,015,182)	(16,607,663)
Interest and other expenses	(2,176,120)	(4,142,287)	(6,318,407)
Income tax	-	(5,921)	(5,921)
Net profit/loss	(3,768,601)	(17,442,092)	(21,210,693)
Attributed to:			
Ignite International Brands, Ltd.	(3,768,601)	(17,019,959)	(20,788,560)
Non-controlling interests	-	(422,133)	(422,133)
Total assets	6,419,595	22,101,017	28,520,612
Total liabilities	27,416,000	9,586,418	37,002,418

26. SUBSEQUENT EVENTS

Subsequent to the period ended September 30, 2021, the Company had the following material events:

On October 1, 2021, the Company issued a short-term USD\$1,738,400 promissory note to II (the "II USD\$1.7M Note"). The II USD\$1.7M Note matures on December 31, 2021 and bears an interest rate equal to ten percent (10%) per annum, for the term of the note. Principal and interest is due on maturity.

On October 14, 2021, the Company issued a short-term USD\$1,886,349 promissory note to II (the "II USD\$1.8M Note"). The II USD\$1.8M Note matures on December 31, 2021 and bears an interest rate equal to ten percent (10%) per annum, for the term of the note. Principal and interest is due on maturity.

On October 13, 2021, the Company made a strategic decision to discontinue its cannabis operations in Canada to focus on introducing and promoting IGNITE branded vodka, tequila, seltzers, energy drinks, vapes, and apparel products to the Canadian market.

On October 18, 2021, Ignite's CEO Dan Bilzerian purchased 50,000 Subordinate Voting Shares of the Company in the public market.

On November 1, 2021, the Company executed a five (5) year lease to establish its warehouse operations in Farmers' Branch, Texas. The new facility will allow the Company to cease certain 3PL relationships and engage in its own distribution and fulfillment of wholesale orders. The Company expects to see significant cost reductions, increased profit margins and improvements in operational efficiencies.

On November 3, 2021, the Company announced that sales in the month of October 2021 alone exceeded all of third quarter sales, a Company record for sales revenue. The performance in the month of October can be attributed to international expansion, with significant sales growth in South America and Eastern Europe.

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