AVANT

February 28, 2024

Consolidated Financial Statements

(Audited - Expressed in Canadian dollars)

Year Ended - November 30, 2023

Q4

Independent auditor’s report

To the Shareholders of
Avant Brands Inc.

Opinion

We have audited the consolidated financial statements of **Avant Brands Inc.** and its subsidiaries [the “Company”], which comprise the consolidated statements of financial position as at November 30, 2023 and 2022 and the consolidated statements of loss and comprehensive loss, the consolidated statements of changes in equity and the consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at November 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards [“IFRSs”].

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred losses since its inception and has an accumulated deficit of $65,913,000 as at November 30, 2023. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. In addition to the matters described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Business Combination – valuation of acquired property, plant and equipment	
As disclosed in Note 12 to the consolidated financial statements, on February 2, 2023, the Company acquired Avant K1 for consideration of $5,390,000. The transaction was accounted for as a business combination. The fair value of the property, plant and equipment acquired was $3,923,000. Auditing the valuation of the property, plant and equipment was complex due to the subjective nature of estimating the fair values of the acquired property, plant and equipment. Management uses significant judgment in evaluating the inputs and assumptions used in their determination of fair value. The fair value of property, plant and equipment is determined in reference to subjective inputs including replacement cost quotations.	To test the Company's estimated fair value of the property, plant and equipment, we performed the following procedures, among others: • We involved our valuation specialists to assist in evaluating the appropriateness of the Corporation's valuation approach and methodology. • We assessed the economic obsolescence of the acquired property, plant and equipment against third-party data; with the assistance of our valuation specialists, by developing a range of independent estimates and comparing those to management's estimates. • We also evaluated the useful lives against industry data.

Other information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis.
- The information, other than the consolidated financial statements and our auditor's report thereon, in the Annual Information Form

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Information Form is expected to be made available to us after the date of the auditor's report. If based on the work we will perform on this other information, we conclude there is a material misstatement of other information, we are required to report that fact to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the

consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely area circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Louisa Lun.

Ernst & Young LLP

Vancouver, Canada
February 28, 2024

Chartered Professional Accountants

TABLE OF CONTENTS

AVANT BRANDS INC.

Consolidated Statements of Financial Position

As at November 30, 2023 and November 30, 2022

(Expressed in Thousands of Canadian Dollars Except Share Amounts)

	Note		November 30, 2023		November 30, 2022
Assets					
Current assets					
Cash		**$**	**772**	$	6,764
Trade and other receivables	5		**3,847**		4,409
Prepaid expenses and deposits	6		**1,611**		1,691
Biological assets	7		**8,033**		4,146
Inventory	8		**20,904**		10,461
Marketable securities			**22**		16
			35,189		27,487
Property, plant and equipment	9		**39,284**		28,651
Goodwill	10,12		**6,024**		6,024
Intangible assets	10,12		**2,055**		3,869
Loan to joint venture	11		**-**		1,000
Total assets		**$**	**82,552**	$	67,031
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities		**$**	**13,023**	$	2,683
Lease liabilities	14		**1,277**		611
Promissory note	13		**727**		-
Convertible debenture	13,15		**4,658**		-
Secured credit facility	16		**1,532**		-
			21,217		3,294
Amount due to non-controlling interests	12		**-**		11,989
Lease liabilities	14		**8,767**		2,400
Secured credit facility	16		**1,741**		-
Deferred tax liability	22		**1,499**		1,105
Total liabilities			**33,224**		18,788
Shareholders' equity					
Share capital	17		**104,571**		94,542
Contributed surplus	17		**10,670**		8,666
Accumulated deficit			**(65,913)**		(59,289)
Equity attributable to equity holders of the parent			**49,328**		43,919
Non-controlling interests	13		**-**		4,324
Total shareholders' equity			**49,328**		48,243
Total liabilities and shareholders' equity		**$**	**82,552**	$	67,031

Nature and continuance of operations (Note 1)

Commitments and contingencies (Note 23)

Approved on behalf of the Board on

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

AVANT BRANDS INC.

Consolidated Statements of Loss and Comprehensive Loss
For the year ended November 30, 2023 and November 30, 2022
(Expressed in Thousands of Canadian Dollars Except Share Amounts)

	Note		**2023**		2022
Revenue		**$**	**30,170**	$	22,604
Excise taxes			**(3,826)**		(2,455)
Net revenue	19		**26,344**		20,149
Cost of sales			**(17,263)**		(13,783)
Gross profit before fair value changes			**9,081**		6,366
Unrealized gain on changes in fair value of biological assets			**18,978**		3,200
Change in fair value of biological assets realized through inventory sold			**(15,627)**		(5,652)
Gross profit			**12,432**		3,914
Operating expenses					
Administration and general			**1,314**		763
Business fees and licenses			**1,526**		910
Consulting fees			**566**		594
Depreciation and amortization	9,10		**2,128**		1,876
Marketing and advertising			**292**		545
Professional fees			**1,728**		1,384
Salaries and wages			**3,140**		2,573
Share based payments	18		**2,956**		3,597
Travel			**233**		214
			13,883		12,456
Net loss from operations			**(1,451)**		(8,542)
Other income (expense)					
Unrealized gain (loss) on marketable securities			**6**		(160)
Financing costs			**(42)**		(37)
Equity income (loss) on investment in associate and joint venture			**(263)**		1,233
Interest and accretion	13,15,16		**(1,233)**		-
Fair value gain on acquisition			**-**		1,115
Gain on the sale of assets			**-**		7
Gain on legal settlement			**2**		130
Foreign exchange loss			**(15)**		-
Net loss before income tax		**$**	**(2,996)**	$	(6,254)
Current income tax expense			**(1,798)**		-
Deferred income tax expense			**(380)**		(364)
Net loss and comprehensive loss			**(5,174)**		(6,618)
Attributable to:					
Equity holders of the parent			**(5,070)**		(7,542)
Non-controlling interests	13		**(104)**		924
Loss per common share					
Basic and diluted		**$**	**(0.02)**	$	(0.04)
Weighted average shares outstanding					
Basic and diluted			**250,617,846**		201,221,147

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

AVANT BRANDS INC.

Consolidated Statements of Changes in Equity

For the year ended November 30, 2023 and November 30, 2022

(Expressed in Thousands of Canadian Dollars Except Share Amounts)

	Attributable to equity holders of the Company					
	Shares	**Share capital**	**Contributed Surplus**	**Deficit**	**Equity – NCI**	**Total**
Balance at November 30, 2022	**206,094,740**	**$ 94,542**	**$ 8,666**	**$ (59,289)**	**$ 4,324**	**$ 48,243**
Net loss for the year	-	-	-	(5,070)	(104)	(5,174)
Share units released	2,040,078	587	(755)	-	-	(168)
Shares issued for services	3,164,036	556	(30)	-	-	526
3PL NCI purchase	22,249,734	3,905	856	1,000	(4,252)	1,509
3PL NCI purchase transaction costs	-	-	-	(145)	-	(145)
Contribution to Avant K1	7,402,186	1,628	-	-	-	1,628
Avant K1 acquisition	-	-	-	-	1,132	1,132
Avant K1 NCI purchase	18,137,780	3,353	-	(2,409)	(1,100)	(156)
Secured credit facility warrants	-	-	84	-	-	84
Share-based compensation	-	-	1,849	-	-	1,849
Balance at November 30, 2023	**259,088,554**	**$ 104,571**	**$ 10,670**	**$ (65,913)**	**$ -**	**$ 49,328**
Balance at November 30, 2021	**199,591,886**	**$ 92,744**	**$ 6,877**	**$ (51,747)**	**$ -**	**$ 47,874**
Net loss for the year	-	-	-	(7,542)	-	(7,542)
Net income for the year attributable to non-controlling interests	-	-	-	-	924	924
3PL acquisition – recognition of NCI fair value	-	-	-	-	3,400	3,400
Shares issued for contingent consideration for acquisitions	1,000,000	280	(280)	-	-	-
Share units released	2,403,530	687	(1,060)	-	-	(373)
Shares issued for services	3,099,324	831	(47)	-	-	784
Share-based compensation	-	-	3,176	-	-	3,176
Balance at November 30, 2022	**206,094,740**	**$ 94,542**	**$ 8,666**	**$ (59,289)**	**$ 4,324**	**$ 48,243**

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

AVANT BRANDS INC.

Consolidated Statements of Cash Flows

For the year ended November 30, 2023 and November 30, 2022

(Expressed in Thousands of Canadian Dollars Except Share Amounts)

		November 30, 2023		November 30, 2022
Cash flows from operating activities				
Net loss	**$**	**(5,174)**	$	(6,618)
Adjustments for non-cash items:				
Unrealized gain on changes in fair value of biological assets		**(18,978)**		(3,200)
Change in fair value of biological assets realized through inventory sold		**15,627**		5,360
Fair value gain on acquisition		**-**		(1,115)
Other income		**(46)**		-
Unrealized (gain) loss on marketable securities		**(6)**		160
Depreciation and amortization		**6,294**		4,366
Interest and accretion		**1,239**		-
Equity (income) loss on investment in joint venture and associate		**263**		(1,233)
Financing costs		**42**		212
Share-based payments		**2,956**		3,597
Deferred income tax expense		**380**		364
Gain on the sale of assets		**-**		(7)
Inventory impairment		**-**		292
		2,597		**2,178**
Changes in working capital				
Trade and other receivables		**1,961**		(1,012)
Prepaid expenses and deposits		**738**		(259)
Biological assets		**(258)**		(2,483)
Inventory		**(8,924)**		(2,094)
Accounts payable and accrued liabilities		**9,300**		209
Net cash flows generated from (used in) operating activities		**5,414**		**(3,461)**
Cash flows from investing activities				
Disposal of property and equipment		**-**		91
Acquisition of 3PL		**-**		59
Acquisition of Avant K1		**21**		-
Investment in associate and joint venture		**(1,595)**		(802)
Loans to joint venture		**(250)**		(1,000)
3PL NCI buyout		**(1,500)**		-
3PL NCI buyout transaction costs		**(145)**		-
Purchase of property, plant and equipment		**(3,559)**		(1,443)
		(7,028)		**(3,095)**
Cash flows from financing activities				
Lease liability payments		**(1,251)**		(695)
Repayment of convertible debenture		**(5,344)**		-
Repayment of promissory note		**(828)**		-
Proceeds from secured credit facility		**3,411**		-
Repayment of secured credit facility		**(198)**		-
Contributions received from non-controlling interests		**-**		75
Tax paid on share units released		**(168)**		(373)
		(4,378)		**(993)**
Decrease in cash		**(5,992)**		(7,549)
Cash – beginning of year		**6,764**		14,313
Cash – end of year	**$**	**772**	$	6,764

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

1 Nature and continuance of operations

Avant Brands Inc. (formerly GTEC Holdings Ltd.) (the "Company") was originally incorporated as a capital pool company under the Canada Business Corporations Act. On July 28, 2017, the Company was continued under the Business Corporations Act (British Columbia) as a Capital Pool Company ("CPC"). On June 12, 2018, the Company completed its Qualifying Transaction (as defined under the policies of the TSX Venture Exchange), pursuant to a business combination (the "Business Combination") with GreenTec Holdings Ltd. and 1155425 BC Ltd. Following the completion of the Business Combination, the Company changed its name from Black Birch Capital Acquisition III Corp. to GTEC Holdings Ltd.

The Company's principal business activity is cultivation, production, marketing and sales of cannabis products and pursuing opportunities in the cannabis industry. The Company is a publicly traded company listed on the Toronto Stock Exchange ("TSX") under the symbol "AVNT" and trades on the OTCQX Best Markets (OTCQX: AVTBF) and Frankfurt Stock Exchange (FRA: 1BU0). The Company's head office is located at Suite 335 – 1632 Dickson Avenue, Kelowna, British Columbia, V1Y 7T2.

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

The Company has incurred losses since inception and has an accumulated deficit of $65,913 as at November 30, 2023, that has been funded primarily by the issuance of equity, convertible debentures, secured credit facility and advances from related parties. There is a material uncertainty related to these conditions that may cast significant doubt on the Company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern depends upon its ability to generate profitable operations or raise adequate financing in the future.

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

Israeli/Palestinian conflict

On October 7, 2023, an armed Israeli/Palestinian conflict broke out. As the Israeli/Palestinian conflict in Gaza develops, it could have an adverse impact on regional and global markets. While our operations and export sales are not directly impacted by these events, the duration of hostilities, imposition of sanctions and related events (including cyberattacks), among others, cannot be predicted. As a result, those events present uncertainty and risk. To date, conflict in Gaza has not had a material impact on the Company's business.

2 Basis of presentation

Statement of compliance and basis of measurement

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards
- IAS® Standards
- Interpretations developed by the IFRS Interpretations Committee (IFRIC® Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC® Interpretations).

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, which are measured at fair value and biological assets that are measured at fair value less cost to sell, as detailed by the Company's accounting policies. The functional and presentation currency of the Company is the Canadian dollar.

These consolidated financial statements of the Company were approved and authorized for issue by the Board of Directors of the Company (the "Board") on February 28, 2024.

(Expressed in Thousands of Canadian Dollars Except Share Amounts)

Basis of consolidation

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

Subsidiaries	Geographical Region	Ownership percentage
Avant Craft Cannabis Inc. ("ACC")	Edmonton, Alberta	100%
GreenTec Bio-Pharmaceuticals Inc. ("GBP")	Kelowna, British Columbia	100%
GreenTec Holdings Ltd. ("GreenTec")	Kelowna, British Columbia	100%
GreenTec Retail Ventures Inc.	Kelowna, British Columbia	100%
Grey Bruce Farms Incorporated ("Grey Bruce")	Tiverton, Ontario	100%
Spectre Labs Inc.	Kelowna, British Columbia	100%
Tumbleweed Farms Corp. ("Tumbleweed")	Chase, British Columbia	100%
1203648 B.C. Ltd.	Kelowna, British Columbia	100%
3PL Ventures Inc. ("3PL")	Vernon, British Columbia	100%
Avant K1 Brands Inc. ("Avant K1")	Kelowna, British Columbia	100%
The Flowr Group (Okanagan) Inc. ("Flowr Okanagan")	Kelowna, British Columbia	100%

Subsidiaries are entities that the Company controls. Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. Power over an investee exists when the Company has existing rights and the ability to direct the activities that significantly affect the investee's returns. This control is generally evidenced through owning more than 50% of the voting rights or currently exercisable potential voting rights of a company's share capital. All inter-company balances and transactions, including unrealized profits and losses arising from intra-group transactions, have been eliminated upon consolidation. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

3 Adoption of new accounting pronouncements

a) New standards and interpretations not yet adopted:

Certain amendments to accounting standards have been published that are not mandatory for November 30, 2023 reporting periods and have not been early adopted by the Company. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

- Definition of Accounting Estimates – Amendments to IAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
- Classification of Liabilities as Current or Non-current – Amendments to IAS 1

b) New and amended standards adopted by the Company:

The Company has applied the following standards and amendments for the first time for its annual reporting period commencing December 1, 2022:

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

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

The key amendments include:

- Requiring companies to disclose their material accounting policies rather than their significant accounting policies;

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

  The amendments are effective for annual periods beginning on or after January 1, 2023 with early adoption permitted.

The amendment listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

4 Material accounting policies

Trade and other receivables

Policy

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost, less any provisions for impairment. Financial assets measured at amortized cost are assessed for impairment at the end of each reporting period.

Explanatory Estimates & Judgements

Impairment provisions are estimated using the expected credit loss impairment model where any expected future credit losses are provided for, irrespective of whether a loss event has occurred at the reporting date. Estimates of expected credit losses consider the Company's collection history and deterioration of collection rates during the average credit period, as well as observable changes in and forecasts of future economic conditions that affect default risk. Where applicable, the carrying amount of a trade receivable is reduced for any expected credit losses using an allowance for doubtful accounts ("AFDA") provision. Changes in the AFDA provision are recognized in the consolidated statements of loss and comprehensive loss. When the Company determines that no recovery of the amount owing is possible, the amount is deemed irrecoverable, and the financial asset is written off. Refer to Note 5 below for further details.

Biological assets

Policy

Biological assets recognized by the Company are cannabis plants that are in the flowering stage but not yet harvested. While the Company's biological assets are within the scope of IAS 41 Agriculture, the direct and indirect costs of biological assets are determined using an approach similar to the capitalization criteria outlined in IAS 2 Inventories. The Company capitalizes all the direct and indirect costs as incurred related to the biological transformation of the biological assets between the point of initial recognition and the point of harvest including labour related costs, grow consumables, depreciation of equipment, utilities, facilities costs, etc. The Company measures biological assets at fair value less cost to sell up to the point of harvest.

Unrealized gains or losses arising from the changes in fair value less cost to sell during the period are separately recorded in the consolidated statements of loss and comprehensive loss for the related period.

Explanatory Estimates & Judgements

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

- Estimated stage of growth of the cannabis up to the point of harvest;
- Expected yield by strain of plant;
- Fair value; and
- Selling costs.

(Expressed in Thousands of Canadian Dollars Except Share Amounts)

As of November 30, 2023, a change of 10% in the estimated yield per plant, growth cycle, and fair value less cost to sell of dry cannabis would result in the variances noted below to the fair value of biological assets.

Assumption	**November 30, 2023**	**+/- 10%**
Yield per plant	63 - 99 grams of flower and 10 – 32 grams of trim per plant	803
FV less cost to sell	$3.69 per gram of flower and $0.2 per gram of trim	815
Estimated stage of growth	0% - 100% of Life Cycle per stage	803

On average, the growth cycle is between 14 to 17 weeks and the Company expects the average yield per plant to be between 63.10 to 99.00 grams of harvested flower and 10.00 to 32.32 grams of harvested trim.

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

These inputs are Level 3 on the fair value hierarchy and are subject to volatility in market prices and several uncontrollable factors, such as unexpected production problems, equipment unavailability, inflationary pressures, supply chain disturbances, extreme weather, contractual, labour or community disputes and the unavailability of required skilled labour, which could significantly affect the fair value of biological assets in future periods. Refer to Note 7 below for further details.

Inventory

Policy

The Company values inventories at the lower of cost and net realizable value. Inventories of harvested cannabis are transferred from biological assets at their fair value at harvest, which becomes the initial deemed cost. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories is determined using the weighted average cost basis.

Explanatory Estimates & Judgements

In calculating final inventory values, management is required to determine an estimate of spoiled or expired inventory and compares the inventory cost to estimated net realizable value. Cost is determined using the weighted average method. The capitalized cost of inventory includes the capitalization of pre-harvest costs initially capitalized to biological assets prior to transfer to inventory plus post-harvest costs. Any subsequent post harvest costs such as packaging materials and labour are capitalized to inventory to the extent that cost is less than net realizable value. The costs capitalized include labour, depreciation expense for machinery, right-of-use assets and shop equipment. These costs are recognized within the cost of goods sold upon the sale of inventory. Refer to Note 8 below.

Financial instruments

Policy

The Company initially recognizes cash, bank advances, trade and other receivables, and accounts payable and accrued liabilities on the date they originate. All other financial assets and financial liabilities are initially recognized on the trade date when the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

Convertible debentures are financial instruments which are accounted for separately dependent on the nature of their components: a financial liability and an equity instrument. The identification of such components embedded within a convertible debenture requires significant judgment given that it is based on the interpretation of the substance of the contractual arrangement. Where the conversion option has a fixed conversion rate, the financial liability, which represents the obligation to pay coupon interest on the convertible debentures in the future, is initially measured at its fair value and subsequently measured at amortized cost. The residual amount is accounted for as an equity instrument at issuance. Where the conversion option has a variable conversion rate, the conversion option is recognized as a derivative liability measured at fair value through profit and loss. The residual amount is recognized as a financial liability and subsequently measured at amortized cost. The determination of the fair value is also an area of significant judgment given that it is subject to various inputs, assumptions and estimates including: contractual future cash flows, discount rates, credit spreads and volatility.

Secured credit facility (Note 16) is a debt instrument with detachable share purchase warrants, which consist of a financial liability and equity instrument based on the terms of the agreement. The financial liability arises if the facility requires repayment of a certain financial amount, which is then amortized based on an effective interest rate. The liability is measured subsequently at amortized cost. The equity component arises if a separate instrument is issued with the financial liability and includes some terms for settlement in the Company's own equity components, which require exchanging a fixed number of own equity instruments for a fixed amount of cash or another financial asset. If so, the Company will allocate the difference between the consideration received and the liability component recognized. The equity component is not subsequently remeasured. Transaction costs are attributable to both instruments and are allocated proportionally to proceeds from each component.

The Company measures financial instruments by grouping them into classes upon initial recognition, based on the purpose of the individual instruments. The Company initially measures all financial instruments at fair value plus, in the case of financial instruments not classified as Fair Value through Profit or Loss ("FVTPL"), transaction costs that are directly attributable to the acquisition or issuance of the financial instruments. The classifications and methods of measurement subsequent to initial recognition of the Company's financial assets and financial liabilities are shown in Note 21 below.

Property, plant and equipment

Policy

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. The Company uses the following depreciation rates for its property, plant and equipment:

Buildings	20 years	Straight line
Computer equipment	2 years	Straight line
Computer software	2 years	Straight line
Office equipment	5 years	Straight line
Vehicles	8 years	Straight line
Leasehold improvements	5 years	Straight line
Growing and processing equipment	5-8 years	Straight line

Costs of assets in the course of construction are capitalized as construction in progress. On completion, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciation commences when the asset is available for its intended use.

An asset's residual value, useful life and depreciation method are reviewed at each financial year-end and adjusted if appropriate. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company considers both external and internal indicators when assessing whether the value of property, plant and equipment is impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units, "CGU"). An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Explanatory Estimates & Judgements

Depreciation of property, plant and equipment are dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that consider factors such as economic and market conditions and the useful lives of assets. Refer to Note 9 below.

Goodwill

Policy

In certain situations, goodwill or a bargain purchase gain may result from a business combination. Goodwill is measured as the excess of the consideration transferred over the net amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill is measured at historical cost and is evaluated for impairment annually or more often if events or circumstances indicate there may be an impairment.

Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to CGUs for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. Initial allocation and possible reallocation of goodwill to a CGU or a group of CGUs requires judgment. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

Impairment is determined for goodwill by assessing if the carrying value of a CGU, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell and the value in use. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU on a pro rata basis, based on the carrying amount of each asset in the CGU. Any goodwill impairment is recorded in income in the period in which the impairment is identified. Impairment loss on goodwill are not subsequently reversed. Refer to Note 10 below.

Explanatory Estimates & Judgements

The Company tests whether goodwill has suffered any impairment on an annual basis. For the 2023 and 2022 reporting periods, the recoverable amount of the CGUs was determined based on value in use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

The following table sets out the key assumptions:

2023	Key assumption
Sales volume (% annual growth rate)	7.00%
Annual capital expenditure ($'000)	1,437
Terminal growth rate (%)	3.00%
Post-tax discount rate (%)	18.00%

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determine assumption
Sales volume	Average annual growth rate over the five-year forecast period; based on past performance and management's expectations of market development.
Annual capital expenditure	Expected cash costs in the CGUs. This is based on the historical experience of management, and the planned refurbishment expenditure. No incremental revenue or cost savings are assumed in the value in use model as a result of this expenditure.
Terminal growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.
Post-tax discount rates	The post-tax discount rate is reflective of the CGUs Weighted Average Cost of Capital ("WACC"). The WACC was estimated based on the risk-free rate, equity risk premium, beta adjustment to the equity risk premium based on a direct comparison approach, an unsystematic risk premium, and after-tax cost of debt based on corporate bond yields.

Intangible assets

Policy

Intangible assets consist of two licenses acquired by the Company. Acquired licenses are carried at cost less accumulated amortization and impairment.

Estimated useful lives of intangible assets are the shorter of the economic life and the period the right is legally enforceable. The assets' useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. The definite life intangible assets that are not under development and are ready for use, are amortized on a straight-line basis.

At each consolidated financial statement date, the carrying amounts of the Company's long-lived assets, including property, plant and equipment and intangible assets, are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the CGU to which the asset belongs. Any impairment of intangible assets is recognized in the consolidated statements of loss and comprehensive loss.

Explanatory Estimates & Judgements

The Company uses estimates in determining the useful life and residual values of its definite life intangible assets. The useful lives of the intangible assets are 2.16, 6.08 and 23.83 years. The Company considers both external and internal indicators when assessing whether the value of definite life intangible assets is impaired. Refer to Note 10 below.

Lease liabilities

Policy

The Company assesses whether a contract is or contains a lease at inception of the contract. A lease is recognized as a right of-use asset and corresponding liability at the commencement date. Each lease payment included in the lease liability is apportioned between the repayment of the liability and a finance cost. The finance cost is recognized in "financing costs" in the consolidated statements of loss and comprehensive loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability.

Lease liabilities represent the net present value of fixed lease payments (including in-substance fixed payments); variable lease payments based on an index, rate, or subject to a fair market value renewal condition; amounts expected to be payable by the lessee under residual value guarantees; the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and payments of penalties for terminating the lease, if it is probable that the lessee will exercise that option.

The Company's lease liability is recognized net of lease incentives receivable. The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the lessee's incremental borrowing rate. The period over which the lease payments are discounted is the expected lease term, including renewal and termination options that the Company is reasonably certain to exercise.

Subsequently, if there is a change to the expected lease term within the control of the lessee, the lease liability will be remeasured using the updated term and revised discount rate on a prospective basis.

Payments associated with short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis in general and administration in the consolidated statements of loss and comprehensive loss. Short-term leases are defined as leases with a lease term of 12 months or less. Variable lease payments that do not depend on an index, rate, or subject to a fair market value renewal condition are expensed as incurred and recognized in costs of goods sold, general and administration, or sales and marketing expense, as appropriate given how the underlying leased asset is used, in the consolidated statements of loss and comprehensive loss. Refer to Note 14 below.

Revenue recognition

Policy

The Company's revenue is comprised of sales of its product line which consists of cannabis and related products.

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. The Company recognizes revenues on product sales when the performance obligations relating to the sale of its products are satisfied. The performance obligations are satisfied at a point in time when the customer obtains control of the product, which generally occurs under IFRS 15 when the product has been delivered to the customer.

Under bill-and-hold arrangements, whereby the Company bills a customer for product to be delivered at a later date, control typically transfers when the product is still in the Company's physical possession, and title and risk of loss has passed to the customer. Revenue is recognized when all specific requirements for transfer of control under a bill-and-hold arrangement have been met, including: the reason for the arrangement is substantive, the product is identified separately as belonging to the customer, the product currently is ready for physical transfer to the customer and the Company does not have the ability to use the product or direct it to another customer. Excise taxes are a production tax which become payable when a cannabis product is delivered to the customer and are not directly related to the value of sales. Excise taxes are netted against gross revenues. Refer to Note 19 below.

Explanatory Estimates & Judgements

The Company uses estimates relating to the right of returns and other factors to create a basis for provision for sales returns and allowances in recognising revenue. As such, judgement is required in estimating the amount of returns and revenue that can't be recognized during the period. The entity estimates these returns using historical return rates. If the returns for the year are lower than the estimates, then the Company adjusts the measurement of revenue.

Business combinations

Policy

Acquisitions of businesses are accounted for using the acquisition method. At the acquisition date the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except deferred tax assets or liabilities, which are recognized and measured in accordance with IAS 12 – Income Taxes. Subsequent changes in fair values are adjusted against the cost of acquisition if they qualify as measurement period adjustments. The measurement period is the period between the date of the acquisition and the date where all significant information necessary to determine the fair values is available and cannot exceed 12 months. All other subsequent changes are recognized in the consolidated statements of loss and comprehensive loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Explanatory Estimates & Judgements

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition.

Judgement exists when determining who the acquirer is. The purchase price allocation process resulting from a business combination requires management to estimate the fair value of identifiable assets acquired including intangible assets and liabilities assumed and including any contingently payable purchase price obligation due over time. The Company uses valuation techniques, which are generally based on forecasted future net cash flows discounted to present value. These valuations are closely linked to the assumptions used by management on the future performance of the related assets and the discount rates applied. The determination of fair value involves making estimates relating to acquired intangibles assets, property, plant and equipment and contingent consideration.

Management determines whether assets acquired and liabilities assumed constitute a business. A business consists of inputs and processes applied to those inputs that can create outputs. Acquisition related costs are recognized in the consolidated statements of comprehensive loss as incurred.

The cost approach was utilized to estimate the fair value of property, plant and equipment acquired in the acquisition of Avant K1. Specifically, management applied the trend indexes to the historical costs in the fixed asset listing to estimate the replacement cost new for the assets. The index factors used are based on the asset type and acquisition date. Management used the physical deterioration, functional obsolescence factor, and economic obsolescence factors to develop the estimate.

Share based compensation

Policy

Share based compensation benefits are provided to employees via the Company’s stock option plan and RSU/DSU stock option plan. The fair value of stock options granted under the Company’s plans are recognized as share based compensation expense with a corresponding increase in equity. The total amount expensed is determined based on the factors discussed below.

The total expense is recognized over the vesting period, which is the period over which all specified vesting conditions are satisfied. At the end of each period, the Company revises its estimates of the number of options expected to vest based on non-market vesting and service conditions. Any impact of the revision to original estimates, will result in a corresponding adjustment to equity through profit and loss.

Explanatory Estimates & Judgements

The fair value of options granted is determined based on the following factors:
- Company’s share price at grant date;
- Exercise price;
- Expected volatility;
- Expected life;
- Forfeiture rate;
- Risk-free interest rate.

Judgement is involved in analyzing the impact of non-vesting conditions such as requirements for employees to hold shares. Assumptions on the forfeiture rate at the time of grant are also subject to management estimates.

Income tax

Policy

Income tax comprises current and deferred tax. Income tax is recognized in the consolidated statements of loss and comprehensive loss except to the extent that it related to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period.

(Expressed in Thousands of Canadian Dollars Except Share Amounts)

Deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated statement of financial position. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the consolidated statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are presented as non-current.

Explanatory Estimates & Judgements

The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities based on an assessment of the Company's ability to utilize the underlying future tax deductions and carried forward tax losses against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets and liabilities will be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

Related party transactions

Policy

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

5 Trade and other receivables

As of November 30, 2023 and November 30, 2022, trade and other receivables consisted of:

		November 30, 2023		November 30, 2022
Trade accounts receivable	**$**	**2,959**	$	4,409
Other receivables		**888**		-
Total	**$**	**3,847**	$	4,409

As of November 30, 2023 and 2022 the Company performed an analysis over its aged receivables balance by customer. The Company noted the majority of receivables are from government bodies, which generally have low default risk. The remaining balance by customer review showed a history of collections from trade and other receivables being reasonably assured. From the review, the Company noted that no further allowance is required and the Company recognized a $nil provision for AFDA as at November 30, 2023 (November 30, 2022: $nil).

(Expressed in Thousands of Canadian Dollars Except Share Amounts)

6 Prepaid expenses and deposits

As of November 30, 2023 and November 30, 2022, prepaid expenses and deposits consisted of:

		November 30, 2023		November 30, 2022
Insurance	**$**	**277**	$	361
Packaging material prepayments		**88**		709
Deposits and other		**1,246**		621
	$	**1,611**	$	1,691

7 Biological assets

The changes in the carrying value of biological assets for the year ended November 30, 2023 and the year ended November 30, 2022 are as follows:

		November 30, 2023		November 30, 2022
Carrying amount, opening	**$**	**4,146**	$	1,948
Additions from Avant K1 acquisition		**278**		-
Production costs		**17,808**		9,342
Changes in fair value less costs to sell due to biological transformation		**3,893**		1,946
Transferred to inventory upon harvest		**(18,092)**		(9,090)
	$	**8,033**	$	4,146

As at November 30, 2023, it is estimated that the Company's biological assets will yield approximately 2,145,206 grams of flower (November 30, 2022: 1,057,762 grams) and 617,071 grams of trim when harvested (November 30, 2022: 334,370 grams).

The Company has determined the average fair value less cost to sell to be $3.69 per gram of flower (November 30, 2022: $3.92) and $0.20 per gram of trim (November 30, 2022: $0.20).

8 Inventory

The Company's inventories are comprised of the following balances as at November 30, 2023, and November 30, 2022:

		November 30, 2023		November 30, 2022
Dry cannabis				
Available for packaging	**$**	**18,606**	$	7,947
Packaged inventory		**1,646**		1,277
Trim		**260**		317
Concentrates		**-**		290
Packaging Materials		**392**		630
	$	**20,904**	$	10,461

As at November 30, 2023, the Company had dry cannabis with a carrying value of $18,606 (November 30, 2022: $9,224) and harvested trim with a carrying value of $260 (November 30, 2022: $317).

The Company holds 7,250,417 grams of harvested cannabis (November 30, 2022: 3,301,033 grams), which is comprised of 5,925,451 grams of harvested flower and 1,297,966 grams of harvested trim (November 30, 2022: 2,053,394 grams of harvested flower and 1,247,639 grams of harvested trim).

During the year ended November 30, 2023, the Company capitalized $ 23,434 of costs (November 30, 2022: $13,034) to cost of inventory.

(Expressed in Thousands of Canadian Dollars Except Share Amounts)

9 Property, plant and equipment

	Land	Buildings	Construction in-process	Growing and processing equipment	Right-of-use asset	Leasehold Improvements	Other	Total
Cost								
Balance - November 30, 2021	1,348	9,235	3,201	5,207	1,117	1,067	276	21,451
Additions – 3PL acquisition	-	-	-	3,340	2,872	6,700	11	12,923
Additions	-	5	1,169	84	-	165	21	1,444
Disposals	-	-	-	(91)	-	-	-	(91)
Balance - November 30, 2022	1,348	9,240	4,370	8,540	3,989	7,932	308	35,727
Additions – Avant K1 acquisition	-	-	-	3,923	3,031	-	-	6,954
Additions	-	60	2,614	818	4,550	30	37	8,109
Disposals	-	-	-	-	-	-	-	-
Balance – November 30, 2023	**1,348**	**9,300**	**6,984**	**13,281**	**11,570**	**7,962**	**345**	**50,790**
Accumulated depreciation								
Balance - November 30, 2021	-	(1,440)	-	(1,408)	(611)	(705)	(218)	(4,382)
Additions	-	(486)	-	(724)	(512)	(938)	(34)	(2,694)
Disposals	-	-	-	-	-	-	-	-
Balance – November 30, 2022	-	(1,926)	-	(2,132)	(1,123)	(1,643)	(252)	(7,076)
Additions	-	(525)	-	(1,408)	(888)	(1,574)	(35)	(4,430)
Disposals	-	-	-	-	-	-	-	-
Balance – November 30, 2023	**-**	**(2,451)**	**-**	**(3,540)**	**(2,011)**	**(3,217)**	**(287)**	**(11,506)**
Net book value								
November 30, 2022	1,348	7,314	4,370	6,408	2,866	6,289	56	28,651
November 30, 2023	**1,348**	**6,849**	**6,984**	**9,741**	**9,559**	**4,745**	**58**	**39,284**

During the year ended November 30, 2023, the Company allocated $4,113 (November 30, 2022: $2,490) of depreciation expense to cost of inventory.

(Expressed in Thousands of Canadian Dollars Except Share Amounts)

10 Intangible assets and goodwill

The Company’s intangible assets, licenses to sell cannabis, were considered definite lived. The useful lives of the licenses are 2.16, 6.08, and 23.83 years. The Company completes an annual assessment of the recoverable amount of the goodwill.

	Intangible asset	Goodwill	Total
Cost			
Balance at November 30, 2021	3,202	182	3,384
Additions from 3PL acquisition	2,337	5,842	8,179
Balance at November 30, 2022	5,539	6,024	11,563
Additions from Avant K1 acquisition	50	-	50
Balance at November 30, 2023	**5,589**	**6,024**	**11,613**
Accumulated amortization			
Balance at November 30, 2021	-	-	-
Amortization	(1,670)	-	(1,670)
Balance at November 30, 2022	(1,670)	-	(1,670)
Amortization	(1,864)	-	(1,864)
Balance at November 30, 2023	**(3,534)**	**-**	**(3,534)**
Net book value			
November 30, 2022	3,869	6,024	9,893
November 30, 2023	**2,055**	**6,024**	**8,079**

During the year ended November 30, 2022, the recoverable amount of the ACC CGU and 3PL CGU to which goodwill were allocated, were determined based on the fair value less costs of disposal using Level 3 inputs in a discounted cash flow analysis.

During the year ended November 30, 2023, the Company (i) completed 3PL and Avant K1 acquisitions, (ii) completed the valuation of the assets and liabilities of 3PL and Avant K1 as at the date of acquisition, (iii) integrated both CGUs into the Company's operations, and (iv) consolidated management of all facilities at the head office level. Effective February 2, 2023, as a result, due to the changes in operations, through acquisitions, change in management and reporting structure, goodwill, previously allocated to ACC and 3PL, was reallocated to the group of CGUs which represents the lowest level within the Company at which the goodwill is monitored for internal management purposes. The Company completed an impairment review prior to reallocation of goodwill; management concluded that the carrying value was lower than the recoverable amount and recorded no impairment.

As at November 30, 2023, following the goodwill reallocation, the Company completed an updated impairment test of goodwill as required by IFRS.

As a result of the impairment test performed as of November 30, 2023, management concluded that the carrying value was lower than the recoverable amount and recorded no impairment.

(Expressed in Thousands of Canadian Dollars Except Share Amounts)

11 Investment in associate and joint venture

Investment in associate – 3PL

		November 30, 2023		November 30, 2022
Opening balance	**$**	-	$	3,951
Cash advanced under shareholder loan		-		802
Equity gain on investment		-		1,233
Fair value gain on acquisition of investment (Note 12)		-		1,115
Effective settlement of shareholder loan		-		(3,701)
Acquisition of investment (Note 12)		-		(3,400)
	$	**-**	$	-

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

Pursuant to the Purchase Agreement, on April 23, 2019, the Company issued an additional 1,953,125 common shares to the other shareholder. The fair value of the common shares issued was determined to be $1,250. In addition, the Company also has the option to purchase the remaining 51% interest from the other shareholder upon receipt of 3PL's sales license from Health Canada. On August 20, 2021, 3PL was issued standard cultivation, standard processing and medical sales licenses, in accordance with Health Canada's *Cannabis Act* and regulations ("CA&R"). On May 10, 2022, 3PL received a sales amendment license from Health Canada.

On June 1, 2022, the Company entered into an amended shareholders agreement to increase the Company's ownership stake from 49% to 50%. In addition to increasing the Company's ownership stake, the amended agreement also increased the Company's substantive rights over the 3PL entity while removing certain substantive rights from the current non-controlling interest shareholder. As such, under IFRS 3 "Business Combinations" guidance the Company acquired control over 3PL effective on June 1, 2022. As a result, 3PL was no longer accounted for as an investment in associate from June 1, 2022. A fair value gain on acquisition was recorded for $1,115 as part of the step-acquisition for the original 49% ownership interest and acquired 1% ownership interest. Please refer to Note 12 for further information.

Investment in joint venture – Avant K1

		November 30, 2023		November 30, 2022
Opening balance	**$**	-	$	-
Cash advanced		**1,595**		-
Equity instruments advanced		**1,628**		
Equity loss on joint venture		**(263)**		-
Acquisition of joint venture (Note 12)		**(2,960)**		-
	$	**-**	$	-

During the year ended November 30, 2022, the Company entered into a joint venture agreement and subscribed for 50% of the common shares of the Avant K1. The Company provided a $1,000 loan to Avant K1. Joint venture agreement included a call option over the remaining 50% shares contingent on the closing of the acquisition of Flowr Okanagan by Avant K1. On January 25, 2023, the Company provided additional $250 in loans to Avant K1. The Company invested $1,595 in cash and $1,628 in shares to a joint venture and recognized an equity loss of $263 until February 2, 2023. The fair value of the 7,402,189 contributed shares was based on the published share price of $0.22 per share on contribution date.

(Expressed in Thousands of Canadian Dollars Except Share Amounts)

On February 2, 2023, upon closing the acquisition of Flowr Okanagan by Avant K1, the Company's call option over the remaining 50% of shares became exercisable. The call option provided the Company substantive potential voting rights; under IFRS 10 guidance, the Company acquired control over the Avant K1 joint venture effective February 2, 2023 (Note 12).

12 Business combinations

Acquisition of 3PL

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

The execution of the amended agreement constituted a step acquisition business combination under IFRS 3, Business Combinations. The acquisition date fair value of the equity interest held by the Company immediately before the acquisition date was $3,400, resulting in a $1,115 gain on remeasuring the equity interest on acquisition.

As of June 1, 2022, the Company recognized $3,400 in non-controlling interest representing the 50% ownership stake, which was valued using the acquisition date fair value. The non-controlling interest has protective rights over the 3PL entity, but none which would significantly restrict the Company's ability to exert control over 3PL.

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

Consideration		**Amount**
Acquisition-date fair value of initial 49% interest (Note 11)	**$**	**3,332**
Fair value Consideration for 1% interest acquired		**68**
Non-controlling interest - fair value		**3,400**
Pre-existing relationships		**3,076**
Total fair value of consideration		**9,876**

Net assets acquired		**Amount**
Current assets		
Cash	**$**	**59**
Trade and other receivables		**19**
Prepaid expenses and deposits		**221**
Inventory		**2,489**
Biological assets		**1,869**
Non-current assets		
Intangible assets		**2,337**
Property, plant and equipment		**12,923**
Total assets		**19,917**
Current liabilities		
Accounts payable and accrued liabilities	**$**	**356**
Lease liability		**313**
Non-current liabilities		
Lease liability		**2,559**
Deferred tax liability		**741**
Amount due to non-controlling interests		**11,914**
Total liabilities		**15,883**
Total net assets acquired		**4,034**

(Expressed in Thousands of Canadian Dollars Except Share Amounts)

Purchase price allocation		Amount
Net identifiable assets acquired	$	4,034
Goodwill		5,842
Total fair value of consideration		9,876

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

Management gathered the relevant information that existed at the acquisition date to determine the net identifiable assets acquired and liabilities assumed. As such, the purchase price has been determined and allocated based on the fair value of the identifiable assets acquired and the liabilities assumed on the acquisition date. Goodwill arising from the business combination represents expected synergies, future income and growth that are not separately recognized. On February 2, 2023, it was reallocated to the group of CGUs which represents the lowest level within the Company at which the goodwill is monitored for internal management purposes (Note 10).

Acquisition of Avant K1

On February 2, 2023, Avant K1 entered into an agreement to acquire 100% of the outstanding shares of Flowr Okanagan. Upon closing the acquisition of Flowr Okanagan by Avant K1, the Company's call option over the remaining 50% of shares of Avant K1 became exercisable. The call option provided the Company substantive potential voting rights; under IFRS 10 guidance, the Company acquired control over the Avant K1 joint venture effective February 2, 2023. The acquisition has substantially increased the Company's production capacity and complemented the Company's existing competencies.

The company determined that the fair value of the previously held interest in joint venture has fair value of $2,960 at the acquisition date. No gain or loss was recognised on remeasurement. The Company recognized $1,132 in non-controlling interest, which was measured at acquisition date fair value.

Control over Avant K1 constituted a step acquisition business combination under IFRS 3. There was no consideration transferred, as such, total fair value of the investment in joint venture was used as the measurement of consideration.

	Amount
Investment in joint venture	2,960
Non-controlling interest	1,132
Pre-existing relationships	1,298
Total purchase price	5,390

Net assets acquired		Amount
Current assets		
Cash	$	21
Trade and other receivables		1,399
Prepaid expenses and deposits		658
Biological assets		278
Inventory		832
Non-current assets		
Property, plant and equipment		6,954
Intangible asset		50
Total assets		10,192

(Expressed in Thousands of Canadian Dollars Except Share Amounts)

Current liabilities		
Accounts payable and accrued liabilities	$	**459**
Lease liability		**-**
Non-current liabilities		
Lease liability		**3,031**
Financing liability		**1,298**
Deferred tax liability		**14**
Total liabilities		**4,802**
Total net assets acquired		**5,390**

Purchase price allocation		**Amount**
Net identifiable assets acquired	$	**5,390**
Total purchase price allocated		**5,390**

Net cash flows	**Amount**
Cash acquired	**21**
Total net cash flows	**21**

During the year ended November 30, 2023, the Company's consolidated revenue included $3,127 from Avant K1. In addition, for the year ended November 30, 2023, the Company's consolidated statements of loss and comprehensive loss included net income of $7,029 respectively from Avant K1. If Avant K1 was acquired on December 1, 2022, the Company's consolidated revenue would include $3,792 from Flowr Okanagan and comprehensive loss would include net income of $8,524.

13 Partly-owned subsidiaries

Proportion of equity interest held by non-controlling interests:

Subsidiaries	**Geographical Region**	**Ownership percentage November 30, 2023**	Ownership percentage November 30, 2022
3PL	Vernon, British Columbia	**100%**	50%

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

On February 1, 2023, the Company entered into a purchase agreement to acquire the remaining 50% non-controlling interests of 3PL, increasing its ownership interest to 100%. The fair value of the 22,249,734 shares issued as part of the consideration paid for 3PL ($3,905) was based on the published share price of $0.20 per share on closing date adjusted by a discount for lack of marketability. The consideration paid at closing is outlined in the schedule below.

(Expressed in Thousands of Canadian Dollars Except Share Amounts)

Consideration		**Amount**
Cash	**$**	**1,500**
Convertible debenture – liability component (Note 15)		**8,980**
Convertible debenture – equity component (Note 15)		**515**
Share consideration		**3,905**
Share purchase warrants (Note 17)		**341**
Less: Financing liability settled		**(11,989)**
Implied FV of 50% of equity		**3,252**
Less: Carrying value of non-controlling interest		**(4,252)**
Difference recognized in deficit		**1,000**

Subsidiaries	**Geographical Region**	**Ownership percentage November 30, 2023**	Ownership percentage November 30, 2022
Avant K1	Kelowna, British Columbia	**100%**	50%

Avant K1 became a subsidiary on February 2, 2023 (Note 12). On March 14, 2023, the Company entered into a purchase agreement to acquire the remaining 50% non-controlling interests of Avant K1, increasing its ownership interest to 100%. The consideration paid at closing is outlined in the schedule below. The fair value of the 18,137,780 shares issued as part of the consideration paid was based on the published share price of $0.185 per share on closing date. The consideration paid at closing is outlined in the schedule below:

Consideration		**Amount**
Share consideration	**$**	**3,353**
Promissory note		**1,454**
Less: Financing liability settled		**(1,298)**
Implied FV of 50% of equity		**3,509**
Less: Carrying value of non-controlling interest		**(1,100)**
Difference recognized in deficit		**(2,409)**

Promissory note shall bear interest at a rate of 12% per annum and mature and become due and payable on December 13, 2023.

Balance – November 30, 2022	**$ -**
Addition from Avant K1 acquisition	1,454
Principal and interest payments	(828)
Interest and accretion	101
Balance – November 30, 2023	**727**
Current portion	**727**
Long-term portion	**-**

(Expressed in Thousands of Canadian Dollars Except Share Amounts)

14 Lease liabilities

The following is the continuity of lease liability for the year ended November 30, 2023:

Balance – November 30, 2021	**$623**
Addition from 3PL acquisition	2,872
Lease payments	(696)
Interest expense on lease liability	212
Balance – November 30, 2022	**3,011**
Addition from Avant K1 acquisition	3,031
Lease modification	4,524
Lease payments	(1,251)
Interest expense on lease liability	729
Balance – November 30, 2023	**10,044**
Current portion	**1,277**
Long-term portion	**8,767**

The Company recognized right-of-use assets and a corresponding lease liability related to its facility premises and corporate office. On December 14, 2022, the company entered into an agreement to amend its lease to extend the corporate office lease for a two-year period. Furthermore, on June 2, 2023 the company entered into an agreement to extend the facility lease of 3PL for ten-year period. During the year ended November 30, 2023, the Company allocated $687 (November 30, 2022: $175) of interest expense on lease liability (included in financing costs) to cost of inventory. For a breakdown of future lease payments, refer to Note 21 below.

15 Convertible debentures

The following is the continuity of convertible debentures, for the year ended November 30, 2023:

	November 30, 2023
Liability component amount, beginning of year	8,980
Principal and interest payments	(5,344)
Interest and accretion	1,022
Liability component carrying value, end of year	**4,658**
Equity conversion feature, beginning of year	515
Conversion costs and other	-
Equity conversion feature carrying value, end of year	**515**
Liability component current portion	**4,658**
Liability component long-term portion	**-**

On February 1, 2023, the Company issued convertible debentures to the non-controlling interests of 3PL (“Creditor”) for gross proceeds of $9,500 under the following terms: (i) a maturity date of August 1, 2024; (ii) an interest rate of 10% per annum, payable quarterly; and (iii) convertible at $0.50 per share. The Creditor shall have the right, at its option at any time and from time to time during which the principal sum remains outstanding under this debenture, to convert the whole or any part of the principal sum then outstanding at the conversion price of $0.50 per share, provided such principal sum is not less than $100.

(Expressed in Thousands of Canadian Dollars Except Share Amounts)

16 Secured credit facility

On July 14, 2023, the Company completed the closing of a $3,500 credit facility (the "Credit Facility"), which was secured by the property of the Company's non-operational and non-licensed property, GreenTec BP ("GTBP"). The Credit Facility bears an annual interest rate of 15%, adjusted by changes to the Prime rate and fixed at the time of funding of each advance. Advances are minimal drawdowns of $500, with a condition that the Company completes a minimum draw-down of $500 before July 31, 2023. Each advance is for a term of 36 months with monthly payments of principal and interest. Additionally, the Company shall pay a quarterly unused fee in the amount equal to an interest rate of 0.50% per quarter on the average daily unused portion of the Credit Facility. As at November 30, 2023, the Company has drawn $3,500 of the Credit Facility.

In connection with the Credit Facility, the Company issued 1,750,000 stock purchase warrants to the lenders. Each warrant entitles the holder thereof to purchase one common share of the Company at an exercise price of $0.30. Warrants have the following vesting conditions: 1/7 of the warrants vest on each credit facility draw of $500 and will expire on July 14, 2026.

The Credit Facility and warrants are separate financial instruments, where Credit Facility meets the definition of financial liability and warrants meet the definition of an equity instrument. The Company bifurcated the Credit Facility proceeds using a discounted cash flow model and recognized a financial liability of $3,414, representing the fair value of the liability component discounted at a market interest rate of 17%, which was the estimated rate for the loan without the warrants. The residual of the principal less the financial liability component was allocated to the warrants, resulting in an allocation of $86 to the warrants (equity instrument). Warrants are not subsequently remeasured. The company incurred $89 of transaction costs directly attributable to the issuance of financial liability and equity instruments, $87 and $2, respectively. Transaction costs were allocated to the financial liability and equity instrument in proportion to the allocation of overall proceeds.

The following is a continuity schedule for the secured credit facility, for the year ended November 30, 2023:

	November 30, 2023
Secured facility financial liability, beginning of year	-
New debt	3,327
Principal and interest payments	(198)
Interest and accretion	144
Secured facility financial liability, end of year	**3,273**
Warrants - equity instrument, beginning of year	-
New equity portion relating to borrowings	84
Warrants - equity instrument, end of year	**84**
Secured facility current portion	**1,532**
Secured facility long-term portion	**1,741**

17 Share capital

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

(Expressed in Thousands of Canadian Dollars Except Share Amounts)

(a) Issued shares

During the year ended November 30, 2023:

- The Company issued 3,164,036 common shares to service providers in connection with services received, resulting in a decrease to contributed surplus of $30 and an increase in share capital of $556.
- The Company issued 2,040,078 common shares in connection with employment compensation agreements, resulting in a decrease to contributed surplus of $755 and an increase in share capital of $587.
- The Company issued 22,249,734 common shares valued at $3,905 in connection with the purchase of the non-controlling interests of 3PL. $145 in transaction costs from the purchase were charged to equity (Note 13).
- The Company contributed 7,402,186 common shares valued at $1,628 to Avant K1 (Note 11).
- The Company issued 18,137,780 common shares valued at $3,353 in connection with the purchase of the non-controlling interests of Avant K1 (Note 13).

During the year ended November 30, 2022:

- The Company issued 1,000,000 common shares with a fair value of $280 pursuant to an amending agreement with the vendors of Grey Bruce in connection with achieving certain milestones (Note 23).
- The Company issued 3,099,324 common shares to service providers in connection with services received, resulting in a decrease to contributed surplus of $47 and an increase in share capital of $831.
- The Company issued 2,403,530 common shares in connection with employment compensation agreements, resulting in a decrease to contributed surplus of $1,060 and an increase in share capital of $687.

(b) Escrow shares

As at November 30, 2023, there were 1,085,713 common shares held in escrow pursuant to an agreement with a consulting firm to facilitate the acquisition and cultivation of cannabis genetics, which will be released contingent upon the occurrence of future events.

Additionally, out of 22,249,734 common shares issued in connection with the purchase of the non-controlling interests of 3PL, 6,674,920 shares (30%) remain in escrow as at November 30, 2023 and are due to be released on February 1, 2024.

(c) Share purchase warrants

Warrant transactions are summarized as follows:

	Number of share purchase warrants	Weighted average exercise price
Balance – November 30, 2021 and November 30, 2022	**36,816,250**	**0.90**
Granted	**6,750,000**	**0.45**
Balance – November 30, 2023	**43,566,250**	**$0.83**

On February 1, 2023, the Company granted 5,000,000 share purchase warrants, equity instruments, in connection with the purchase of 3PL's non-controlling interests. Each warrant entitles the holder thereof to purchase one common share of the Company at an exercise price of $0.50. The assessed fair value at grant date of warrants granted was $341. Fair value inputs to the warrants were an exercise price of $0.50, measurement date share price of $0.20, volatility of 110.1%, risk-free rate of 3.66%, barrier of 1.25 and an expiry date of February 1, 2025. In the event that the daily volume weighted average trading price of the Avant shares is at a price greater than or equal to, $1.25 for a period of 20 consecutive trading days, Avant may accelerate the expiry date of the warrants. The fair value of the warrants was calculated using the barrier option pricing model. Warrants are not subsequently remeasured.

(Expressed in Thousands of Canadian Dollars Except Share Amounts)

In connection with the Credit Facility (Note 16), the Company issued 1,750,000 stock purchase warrants, equity instruments, to the lenders. Each warrant entitles the holder thereof to purchase one common share of the Company at an exercise price of $0.30. Warrants have the following vesting conditions: 1/7 of the warrants vest on each credit facility draw of $500 and will expire on July 14, 2026. The warrants were assigned the residual amount of $85 after deducting, from the total Credit Facility total proceeds, the amount separately determined for the financial liability and a portion of allocated transaction costs. Warrants are not subsequently remeasured.

The weighted average outstanding life of warrants outstanding as at November 30, 2023 is 0.51 years.

At November 30, 2023 the following share purchase warrants were outstanding:

Number of share purchase warrants	Exercise price per share		Expiry date
6,772,500	$	0.30	March 8, 2024
28,750,000	$	1.04	March 30, 2024
1,293,750	$	0.80	March 30, 2024
5,000,000	$	0.50	February 1, 2025
1,750,000	$	0.30	July 14, 2026
43,566,250			

18 Stock-based compensation

(a) Stock options

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

Stock option transactions are summarized as follows:

	Number of shares	Weighted average exercise price
Balance – November 30, 2021	**3,537,500**	**$0.41**
Granted	5,095,000	0.27
Expired/cancelled	(1,285,000)	0.50
Balance – November 30, 2022	**7,347,500**	**$0.30**
Granted	9,023,600	0.19
Expired/cancelled	(300,000)	0.58
Balance – November 30, 2023	**16,071,100**	**$0.23**

The weighted average outstanding life of stock options outstanding as at November 30, 2023, is 1.95 years (November 30, 2022: 2.04 years).

(Expressed in Thousands of Canadian Dollars Except Share Amounts)

At November 30, 2023, the following stock options were outstanding:

Number of options	Options Vested	Exercise price per share	Expiry date
1,500,000	1,500,000	$0.34	August 14, 2024
100,000	100,000	$0.30	September 25, 2024
387,500	387,500	$0.30	October 23, 2024
5,060,000	5,060,000	$0.27	February 28, 2025
6,000,000	3,000,000	$0.18	January 9, 2026
3,023,600	3,023,600	$0.20	March 14, 2026
16,071,100	**13,071,100**	**$0.23**	

(b) Share-based payments

During the year ended November 30, 2023, the Company recognized a share-based payment expense of $2,956 (November 30, 2022: $3,597) that was recorded in the consolidated statements of loss and comprehensive loss. The share-based payments represent the fair value of stock options vested during the year ended November 30, 2023, and are estimated on the grant date using the Black-Scholes option pricing model. The share-based payments also consist of common shares issued for services during the year.

(c) Restricted Stock Units and Deferred Stock Units ("RSUs" and "DSUs")

RSUs and DSUs are granted to the Company's directors, officers, and employees as a part of compensation under the terms of the Company's deferred and restricted share unit plans. Each RSU and DSU entitles the participant to receive the value of one common share.

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

RSU and DSU transactions are summarized as follows:

	Number of RSUs and DSUs	Weighted average issue price
Balance – November 30, 2021	**-**	**$ -**
Granted	9,184,814	0.27
Vested and released	(4,093,766)	0.27
Forfeited	(74,076)	0.27
Balance – November 30, 2022	**5,016,972**	**$ 0.27**
Granted	**4,374,038**	0.23
Vested and released	**(5,687,900)**	0.22
Forfeited	**(7,409)**	0.27
Balance – November 30, 2023	**3,695,701**	**$ 0.30**

The weighted average outstanding life of RSUs and DSUs outstanding as at November 30, 2023 is 0.03 years. Share-based payments included $1,227 of RSU and DSU expense. RSUs and DSUs generally vest in tranches across a twelve-month period.

At November 30, 2023, the following RSUs and DSUs were outstanding:

(Expressed in Thousands of Canadian Dollars Except Share Amounts)

Number of RSUs and DSUs	Grant date	Vesting Date
2,354,998	March 1, 2022	Mar. 1, 2022, Jun. 1, 2022, Sep. 1, 2022, Dec. 1, 2022, Mar. 1, 2023
132,372	December 28, 2022	Dec. 28, 2022, Mar. 1, 2023
944,443	January 9, 2023	Apr. 14, 2023, Jul. 15, 2023, Oct. 15, 2023, Feb. 28, 2024
263,888	April 15, 2023	Jan. 14, 2024, Apr. 14, 2024
3,695,701		

19 Net revenue

The Company's total net revenues can be found below.

		November 30, 2023		November 30, 2022
Recreational revenue	**$**	**16,176**	$	14,444
Less: Provision for sales returns and allowances		**(334)**		-
Net recreational revenue		**15,842**		14,444
Bulk cannabis sales		**10,201**		5,192
Medical revenue		**154**		247
Management fees and other revenue		**147**		266
	$	**26,344**	$	20,149

Major customers

Revenues of approximately $24,576 (2022: $17,420) are derived from four external customers.

		November 30, 2023		November 30, 2022
Customer 1	**$**	**11,143**	$	10,248
Customer 2		**5,677**		4,936
Customer 3		**4,718**		525
Customer 4		**3,038**		1,711
	$	**24,576**	$	17,420

(Expressed in Thousands of Canadian Dollars Except Share Amounts)

20 Related party transactions

Key management compensation

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

Key management compensation for the year ended November 30, 2023 and November 30, 2022 consists of the following:

	November 30, 2023	November 30, 2022
Salaries and wages	**$1,466**	$731
Director fees	**175**	167
Share-based payments	**1,223**	1,170
	$2,864	$2,068

Related party balances

As at November 30, 2023, accounts payable included $45 (November 30, 2022: $nil), which was due to directors of the Company in connection with directors' fees.

Related party transactions

During the year ended November 30, 2017, GreenTec Holdings Ltd. entered into share purchase agreements to purchase 100% interest in Grey Bruce, 1118157 B.C. Ltd., Zenalytic Laboratories Ltd. and GBP. Each one of these entities was under common control with two of the Company's executive officers. Certain milestones within these agreements remain outstanding and are disclosed under Note 23 below.

21 Financial instruments

a) Financial instruments

The Company's financial instruments consist of cash, trade and other receivables, marketable securities, accounts payable and accrued liabilities, promissory note, secured credit facility and convertible debenture. The Company is exposed to certain financial risks such as credit risk, liquidity risk and maturity risk.

i) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and trade and other receivables. At present, the Company holds its cash in Canadian Chartered Banks and will only consider investment of excess cash in highly rated government and corporate debt securities or guaranteed certificates from Canadian chartered banks. The Company has established guidelines, including diversification, credit ratings and maturities, to ensure the safety and liquidity of its cash. Approximately 74% of the Company's trade accounts receivable balance at November 30, 2023, is due from a governmental agency. Subsequent to year-end, the Company has collected on 83% of the receivable balance. The Company does not have a history of inability to collect on its trade accounts receivable, and all balances due at November 30, 2023, are considered collectible.

As at November 30, 2023, the Company's exposure is the carrying value of the financial instruments. The Company's maximum exposure to credit risk is the carrying value of its financial assets.

ii) Currency risk

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

iii) Liquidity risk

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

(Expressed in Thousands of Canadian Dollars Except Share Amounts)

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

iv) Maturity risk

The Company's cash balance at November 30, 2023, was $772. At November 30, 2023, the Company had trade and other receivables of $3,847, accounts payable and accrued liabilities of $13,023, current lease liabilities of $1,277, long-term lease liabilities of $8,767, a promissory note of $727, current debenture payable of $4,658, current secured credit facility of $1,532, and a non-current secured credit facility of $1,741. Promissory note, convertible debenture, accounts payable and accrued liabilities are current.

Typically, the Company ensures that it has sufficient cash on hand to meet expected operational expenses and commitments for a period of 90 days. To achieve this objective, the Company prepares annual operating and capital expenditure budgets, which are regularly monitored and updated as considered necessary.

The following table summarizes the maturities of the Company's financial liabilities as at November 30, 2023, based on the undiscounted contractual cash flows:

	Carrying value	Principal amount	Less than 1 year	1 - 5 years	>5 years
Accounts payable and accrued liabilities	13,023	13,023	13,023	-	-
Lease liabilities	10,044	21,524	1,278	4,465	15,781
Promissory note	727	727	727	-	-
Secured credit facility	3,273	4,192	1,461	2,731	-
Convertible debenture	4,658	4,987	4,987	-	-
	31,725	**44,453**	**21,476**	**7,196**	**15,781**

b) Interest rate risk

Current financial assets and financial liabilities are generally not exposed to interest rate risk because of their short-term nature and maturity.

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

(Expressed in Thousands of Canadian Dollars Except Share Amounts)

c) Fair value classification of financial instruments

	Amortized cost	Fair Value through Profit or Loss	Total
	$	$	$
Assets			
Cash	772	-	772
Trade and other receivables	3,847	-	3,847
Marketable securities	-	22	22
Liabilities			
Accounts payable and accrued liabilities	13,023	-	13,023
Promissory note	727	-	727
Secured credit facility	3,273	-	3,273
Lease liabilities	10,044	-	10,044
Convertible debentures	4,658	-	4,658

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

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

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

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

At November 30, 2023, the Company had Level 1 financial instruments, consisting of marketable securities, with a fair value of $22 (November 30, 2022: $16). The Company has no level 2 or 3 financial instruments measured at fair value.

22 Income tax

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

		2023		2022
Canadian statutory income tax rate		**23 to 27%**		23 to 27%
Income tax (recovery) at statutory rate	**$**	**(494)**	$	(1,867)
Permanent differences and others		**611**		991
Change in unrecognized deferred income tax assets		**2,061**		1,240
Current income tax expense (recovery)	**$**	**1,798**	$	-
Deferred income tax expense (recovery)	**$**	**380**	$	364

(Expressed in Thousands of Canadian Dollars Except Share Amounts)

The significant components of deferred income tax assets and liabilities are as follows:

		2023		2022
Non-capital losses	**$**	**24,668**	$	6,984
Biological assets and inventory		**233**		(339)
Capital assets		**126**		302
Intangible assets		**(502)**		(970)
Investments		**-**		26
Share issuance costs		**168**		265
Right-of-use asset		**(1,787)**		(768)
Lease liability		**1,890**		806
Unrecognized deferred income tax assets		**(26,295)**		(7,411)
Net deferred income tax liability	**$**	**(1,499)**	$	(1,105)

As at November 30, 2023, the Company has non-capital losses carried forward of approximately $31,685 (November 30, 2022: $26,635), which are available to offset future years' taxable income. These losses include the losses acquired through the acquisitions and expire as follows:

2033	**$**	114
2034		672
2035		-
2036		671
2037		878
2038		2,478
2039		4,320
2040		7,645
2041		275
2042		67,482
2043	**$**	8,304

(Expressed in Thousands of Canadian Dollars Except Share Amounts)

23 Commitments and contingencies

From time to time, the Company is engaged in various legal proceedings and claims that have arisen in the normal course of business. The outcome of all the proceedings and claims against the Company is subject to future resolution, including the uncertainties of litigation. Management believes that the probable ultimate resolution of any such proceedings and claims, individually or in the aggregate, will not have a material adverse effect on the financial condition of the Company. As of November 30, 2023, the Company has accrued a provision of $100 related to certain legal proceedings for which the outcome is uncertain at this time.

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

GBP commitment

As at November 30, 2023, in connection with a previously completed asset acquisition, the Company has committed to issue common shares valued at $2,500 contingent on future events as follows:

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

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

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

(Expressed in Thousands of Canadian Dollars Except Share Amounts)

24 Subsequent events

On January 31, 2024, the Company entered into a short-term loan agreement with a related party in the amount of $150. The loan bore interest at a rate of 8.5% per annum and was due payable on demand. The loan was paid back on February 22, 2024.

On February 1, 2024, the Company entered into an agreement to extend its lease for the ACC facility premises in Edmonton, AB. The original lease term commenced on January 24, 2014, and will end on January 31, 2029, as per the amendment. The following are the undiscounted base rent payments as at November 30, 2023:

2024	$	129
2025		147
2026		148
2027		148
2028		148
Thereafter		13
	$	**733**

At the beginning of February 2024, the Company renegotiated its existing convertible debenture (Note 15) and entered into the Debt Settlement Agreement. On February 23, 2024 lenders agreed to the following terms:

- Lenders will accept $2,000 of equity towards principal of the convertible debenture.
- As consideration for entering into the Debt Settlement Agreement, the Company

  (i) issued 16,355,140 common shares to the lenders;
  (ii) granted 1,375,000 common share purchase warrants to the lenders. Each warrant entitles the holder thereof to purchase one common share of the Company at an exercise price of $0.25. Warrants expire on February 26, 2026, subject to acceleration by the Company in the event that the 20-day VWAP of the common shares on the TSX exceeds $0.85; and
  (iii) granted the lenders the right to appoint a person as an observer to the Board.

- This has reduced principal outstanding from $4,750 to $2,750. Under the terms of the Debt Settlement Agreement, the maturity date of the debenture was extended to October 29, 2025 with monthly amortized payments of approximately $150. The amended note shall bear an interest rate of 15% per annum.

Additionally, the Company renegotiated its existing promissory note (Note 13) and entered into the Extension Agreement. On February 23, 2024 lenders agreed to the following terms:

- Lenders have agreed that the promissory note due for repayment on January 12, 2024 is to be extended for another six months with monthly payments of $60 per month for $72 bonus share consideration upon restructuring and $50 at the end of the six month term.
- As consideration for entering into the Extension Agreement, the Company

  (i) issued 672,897 common shares to the lenders; and
  (ii) agreed that on July 12, 2024 or as soon as practicable thereafter, subject to certain conditions, the Company will deliver such number of common shares equal to the $50 divided by the five-day volume weighted average price (the "VWAP") of the common shares on the Toronto Stock Exchange (the "TSX").