INDIVA LIMITED

Condensed Consolidated Interim Financial Statements

(Unaudited, Expressed in Canadian dollars)

For the three and nine months ended September 30, 2021, and 2020

Indiva Limited

Condensed Consolidated Interim Statements of Financial Position

(Unaudited, Expressed in Canadian dollars, except per share amounts)

As at	*Note*	September 30, 2021 $	December 31, 2020 $
ASSETS			
Current assets			
Cash		**2,595,629**	314,042
Taxes receivable		**604,937**	169,271
Accounts receivable	**5**	**4,031,510**	4,555,824
Inventory	**6**	**8,706,962**	6,495,541
Biological assets	**7**	**-**	69,829
Prepaid expenses and deposits	**8**	**802,144**	616,182
Total current assets		**16,741,182**	12,220,689
Other non-current assets			
Property, plant and equipment	**9**	**22,475,644**	22,680,008
Assets in process	**10**	**136,648**	13,206
Building, equipment and construction deposits	**9**	**515,842**	222,268
Intangible assets	**11**	**1,926,223**	2,082,170
Equity investment	**22**	**-**	1
Promissory note	**22**	**-**	1
Prepaid royalties	**12**	**1,948,950**	1,948,950
Total assets		**43,744,489**	39,167,293
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		**6,854,872**	7,478,240
Taxes payable		**492,688**	1,011,327
Factoring payable	**13**	**-**	3,575,466
Deferred revenue	**14**	**148,218**	2,334,214
Other liabilities	**15**	**177,581**	213,490
Loan payable	**13**	**-**	4,736,591
Lease liability	**16**	**131,237**	650,553
Promissory note	**17**	**-**	1,385,198
Settlement liability	**14**	**9,658,159**	-
Provision for onerous contract	**14**	**-**	2,646,423
Total current liabilities		**17,462,755**	24,031,502
Other non-current liabilities			
Other liabilities	**15**	**714,448**	734,788
Deferred revenue	**14**	**-**	28,350
Lease liability	**16**	**608,689**	710,902
Loan payable	**13**	**9,510,223**	-
Convertible debentures	**18**	**2,543,389**	2,442,153
Total liabilities		**30,839,504**	27,947,695
Equity			
Share capital	**19**	**54,688,665**	42,415,786
Contributed surplus		**5,016,301**	4,723,080
Reserves		**5,331,379**	5,337,081
Accumulated other comprehensive loss		**(19,537)**	(19,537)
Accumulated deficit		**(52,111,823)**	(41,236,812)
Total equity		**12,904,985**	11,219,598
Total liabilities and equity		**43,744,489**	39,167,293

Going Concern (Note 3), Commitments (Note 30), and Subsequent Events (Note 34)

N. Marotta — Carmine (Niel) Marotta

J. Yersh — James Yersh

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

Indiva Limited

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

For the three and nine months ended September 30, 2021, and 2020

(Unaudited, Expressed in Canadian dollars, except per share amounts)

	Note	Three months ended September 30		Nine months ended September 30	
		2021	2020	**2021**	2020
		$	$	**$**	$
Gross revenue	**21**	**8,302,996**	3,422,198	**25,043,556**	8,513,532
Excise taxes		**(585,077)**	(394,952)	**(2,027,656)**	(913,291)
Net revenue		**7,717,919**	3,027,246	**23,015,900**	7,600,241
Cost of goods sold		**(5,036,106)**	(2,355,385)	**(16,068,414)**	(6,286,262)
License fee		**-**	(1,086)	**-**	(518,598)
Write down of inventory	**6**	**(445,504)**	(145,906)	**(1,541,929)**	(472,979)
Gross margin before fair value adjustments		**2,236,309**	524,869	**5,405,557**	322,402
Fair value adjustment on sale of inventory		**(14,380)**	(167,505)	**(72,141)**	(234,473)
Unrealized fair value adjustment on biological assets	**7**	**2,587**	156,451	**(140,772)**	419,593
Gross margin		**2,224,516**	513,815	**5,192,644**	507,522
Operating expenses					
General and administrative		**1,647,735**	1,551,045	**4,448,013**	3,912,907
Marketing and sales		**1,140,809**	409,369	**3,106,492**	1,038,097
Research and development		**18,108**	512	**59,073**	3,428
Share-based compensation	**19(c)**	**95,926**	67,074	**369,183**	178,693
Depreciation of property, plant and equipment	**9**	**67,397**	95,333	**195,041**	184,238
Amortization of intangible assets	**11**	**51,983**	44,448	**155,948**	44,566
Total operating expenses		**3,021,958**	2,167,781	**8,333,750**	5,361,929
Loss from operations		**(797,442)**	(1,653,966)	**(3,141,106)**	(4,854,407)
Other income (expenses)					
Foreign exchange gain		**(2,583)**	(17,526)	**79,283**	23,278
Finance costs	**24**	**(618,932)**	(500,625)	**(1,692,807)**	(1,314,780)
Transaction costs		**(27,755)**	(108,624)	**(253,870)**	(298,744)
Interest income		**1,248**	7	**3,080**	7
Expected credit loss		**11,786**	-	**(6,571)**	(115,391)
Share of income on investment in joint venture		**-**	4,872	**-**	133,091
Gain on settlement of joint venture		**-**	-	**-**	10,621
Loss on issuance of shares		**-**	(25,400)	**(20,130)**	(25,400)
Loss on disposal of assets	**9**	**(3,921)**	(212,263)	**(14,261)**	(734,295)
Write-off of non-refundable deposits		**-**	(681,405)	**-**	(985,751)
Provision for onerous contract	**14**	**-**	(376,851)	**(1,102,756)**	(376,851)
Loss on contract settlement	**14**	**(4,992,827)**	-	**(4,992,827)**	-
Loss before income taxes		**(6,430,426)**	(3,571,781)	**(11,141,965)**	(8,538,622)
Deferred tax recovery	29	**-**	-	**266,954**	-
Net loss and comprehensive loss attributable to shareholders		**(6,430,426)**	(3,571,781)	**(10,875,011)**	(8,538,622)
Loss per share, basic and diluted	**20**	**(0.05)**	(0.04)	**(0.08)**	(0.09)
Weighted average number of outstanding shares, basic and diluted	**20**	**136,227,857**	102,010,023	**130,916,419**	91,021,202

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

Indiva Limited

Condensed Consolidated Interim Statements of Changes in Equity

For the nine months ended September 30, 2021 and 2020

(Unaudited, Expressed in Canadian dollars, except per share amounts)

	Note	Share capital		Contributed surplus	Reserves	Accumulated deficit	Accumulated other comprehensive loss	Total
		Shares	Amount					
		#	$	$	$	$	$	$
Balance, January 1, 2021		109,555,952	42,415,786	4,723,080	5,337,081	(41,236,812)	(19,537)	11,219,598
Share based compensation	**19(c)**	-	-	145,833	279,644	-	-	425,477
Issuance of shares, net of tax	**13, 29**	25,000,000	12,115,390	-	-	-	-	12,115,390
Share issuance costs	**19(a)**	-	(596,972)	-	-	-	-	(596,972)
Shares issued in lieu of interest	**18**	183,000	65,880	-	-	-	-	65,880
Warrants exercised	**19(b)**	95,000	51,095	-	(13,095)	-	-	38,000
Issuance of restricted share units	**19(c)**	325,093	113,782	-	-	-	-	113,782
Broker warrants exercised	**19(b)**	486,667	229,220	-	(83,220)	-	-	146,000
Conversion of convertible debentures	**18**	700,000	153,007	-	(43,166)	-	-	109,841
Issuance of shares with incentive warrants	**19(b)**	150,000	40,877	14,965	4,158	-	-	60,000
Exercise of stock options	**19(c)**	200,000	100,600	-	(17,600)	-	-	83,000
Expired warrants	**19 (b)**	-	-	132,423	(132,423)	-	-	-
Net loss for the period		-	-	-	-	(10,875,011)	-	(10,875,011)
Balance, September 30, 2021		**136,695,712**	**54,688,665**	**5,016,301**	**5,331,379**	**(52,111,823)**	**(19,537)**	**12,904,985**

	Note	Share capital		Contributed surplus	Reserves	Accumulated deficit	Accumulated other comprehensive loss	Total
		Shares	Amount					
		#	$	$	$	$	$	$
Balance, January 1, 2020		83,588,269	37,487,265	398,267	7,239,801	(25,814,185)	(19,537)	19,291,611
Stock based compensation	**19(c)**	-	-	-	178,693	-	-	178,693
Equity portion of convertible debentures issued in 2020	**18**	-	-	-	722,288	-	-	722,288
Conversion of convertible debentures	**18**	7,500,000	1,540,061	-	(460,513)	-	-	1,079,548
Equity units issued with purchase warrants	**19(a)**	17,264,996	3,365,553	-	1,813,946	-	-	5,179,499
Shares issued in lieu of interest	**18**	461,832	140,858	-	-	-	-	140,858
Broker warrants	**19(a)**	-	(96,159)	-	96,159	-	-	-
Share issuance costs		-	(199,597)	-	-	-	-	(199,597)
Net loss for the period		-	-	-	-	(8,538,622)	-	(8,538,622)
Balance, September 30, 2020		**108,815,097**	**42,237,981**	**398,267**	**9,590,374**	**(34,352,807)**	**(19,537)**	**17,854,278**

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

Indiva Limited

Condensed Consolidated Interim Statements of Cash Flows

For the nine months ended September 30, 2021 and 2020

(Unaudited, Expressed in Canadian dollars, except per share amounts)

	Note	2021	2020
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss and comprehensive loss		**(10,875,011)**	(8,538,622)
Adjustments to reconcile net loss to cash used in operating activities:			
Deferred tax recovery	**29**	**(266,954)**	-
Unrealized fair value adjustment on biological assets	**7**	**140,772**	(419,593)
Realized fair value adjustment on sale of inventory		**72,141**	234,473
Write-off of inventory to net realizable value	**6**	**1,541,929**	472,979
Depreciation and amortization	**9, 11**	**350,992**	228,804
Loss on disposal of assets	**9, 11**	**14,261**	734,295
Amortization of transaction costs on loan payable	**13**	**114,932**	255,566
Accretion of discount on convertible debenture	**18**	**202,539**	192,659
Accretion of transaction costs on convertible debentures	**18**	**8,538**	7,765
Accretion of loan discount	**13**	**362,299**	-
Interest accretion on lease liability	**16**	**59,845**	68,903
Interest accretion on other liabilities	**16**	**130,028**	37,824
Interest and penalty on promissory note	**17**	**188,395**	14,736
Interest capitalized in purchase of assets in process	**10**	**-**	(179,379)
Accretion of transaction costs on promissory note	**17**	**40,845**	13,615
Share of income from investment in joint venture		**-**	(133,137)
Unrealized exchange gain		**-**	(57,100)
Gain on settlement of joint venture		**-**	(10,621)
Share-based compensation	**19(c)**	**425,477**	178,693
Shares issued to settle account payable and interest on convertible debentures	**18**	**179,662**	140,858
Provision for onerous contract	**14**	**1,102,756**	376,851
Expected credit loss		**6,571**	115,391
Interest income		**(3,080)**	(7)
Changes in non-cash operating working capital	**23**	**(311,506)**	(774,711)
Total cash outflows used in operating activities		**(6,514,569)**	(7,039,758)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	**9**	**(786,392)**	(133,112)
Acquisition of assets in process	**10**	**(604,945)**	(943,209)
Proceeds on disposal of property, plant and equipment		**-**	238,094
Interest received		**3,080**	7
Total cash outflows used in investing activities		**(1,388,257)**	(838,220)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of common shares, net of issuance costs	**13, 19(b)**	**11,804,495**	4,979,902
Proceeds from issuance of convertible debentures, net of transaction costs		**-**	2,537,800
Proceeds from exercise of stock options for common shares	**19(c)**	**83,000**	-
Proceeds from exercise of warrants for common shares	**19(b)**	**224,877**	-
Payment of principal portion of lease liabilities	**16**	**(681,374)**	(138,893)
Advances on factoring payable	**13**	**3,659,415**	1,701,043
Repayments on factoring payable	**13**	**(7,234,881)**	-
Proceeds on loan payment, net of transaction costs	**13**	**8,836,183**	(70,810)
Repayment of loan payable	**13**	**(4,892,864)**	(1,287,582)
Repayments and transaction costs on promissory note	**17**	**(1,614,438)**	(54,460)
Total cash inflows from financing activities		**10,184,413**	7,667,000
Increase (decrease) in cash		**2,281,587**	(210,978)
Cash, beginning of period		**314,042**	631,106
Cash, end of period		**2,595,629**	420,128

Supplemental cash flow information is provided in Note 23

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

1. CORPORATE INFORMATION

Indiva Limited (the "Company") was incorporated on September 13, 1979, as "Thunder Sword Resources Inc." under the Laws of British Columbia. On November 20, 2009, the Company changed its name to Rainmaker Mining Corp., and on May 8, 2014, as part of the Company's rebranding, the Company again changed its name to Rainmaker Resources Ltd. ("Rainmaker").

On December 13, 2017, the Company completed a reverse takeover transaction, pursuant to which Indiva Corporation amalgamated with a wholly owned subsidiary of the Company and was subsequently renamed Indiva Limited. The Company's common shares are listed on the TSX Venture Exchange (the "TSXV") under the symbol "NDVA" and the OTCQX under the symbol "NDVAF".

Its wholly owned subsidiary, Indiva Inc. is a licensed producer of marijuana under the Cannabis Act and Cannabis Regulations (formerly Health Canada's *Access to Cannabis for Medical Purposes Regulations* "ACMPR"), in London, Ontario, focused on manufacturing derivative products and the cultivation of cannabis. The Company received the sales amendment to its licence on August 10, 2018 and its extracts, edibles and topicals amendment on January 31, 2020.

The address of the Company's corporate office is 333 Preston Street, Suite 710, Ottawa, Ontario, K1S 5N4.

2. BASIS OF PRESENTATION

(a) STATEMENT OF COMPLIANCE

These unaudited condensed consolidated interim financial statements (the "Interim Financial Statements") have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34").

These Interim Financial Statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2020 (the "2020 Annual Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

All figures presented in these Interim Financial Statements are reflected in Canadian dollars, which is also the functional currency of the Company and its subsidiaries. The Interim Financial Statements have been prepared using accounting policies consistent with those described in the 2020 Annual Financial Statements.

These Interim Financial Statements were approved and authorized for issue by the Board of Directors on November 15, 2021.

(b) BASIS OF MEASUREMENT

These Interim Financial Statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value and biological assets which are measured at fair value less cost to sell and are presented in Canadian dollars.

The preparation of these Interim Financial Statements in accordance with IFRS requires Management to make certain critical accounting estimates. It also requires Management to exercise judgment in applying the Company's accounting policies.

(c) COVID-19 ESTIMATION UNCERTAINTY

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Company's environment and measures being introduced at various levels of government to curtail the spread of the virus such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing, may have a material impact on the Company's operations. Furthermore, our employees and contractors could be affected by COVID-19 that could result in a reduction in our workforce due to illness or quarantine which could result in the disruption of our operations or hinder the Company's ability to secure financing. The production and sale of cannabis in Canada continues to be deemed an essential service. The Company has implemented procedures and protocols at its production facility and offices, including enhanced screening measures, enhanced cleaning and sanitation processes and frequency, encouraging social distancing measures and directing employees to work from home if possible. The Company believes that it can maintain safe operations with these pandemic related procedures and protocols in place.

The potential impact that COVID-19 will have on the Company's business or financial results cannot be reasonably estimated at this time. However, any shutdowns requested or mandated by government authorities in response to the outbreak of COVID-19 that may affect the Company, its suppliers, distribution channels or customers may have a material impact to the Company's planned operations. It is possible that estimates in the Company's Interim Financial Statements will change as a result of COVID-19 and the effect of any such changes could be material, which could result in, among other things, impairment of assets. The Company is closely monitoring the impact of the pandemic on all aspects of its business.

(d) SHARE-BASED COMPENSATION – RESTRICTED SHARE UNITS

Share based compensation expense relates to stock options as well as cash and equity settled restricted share units ("RSUs"). The grant date fair values of equity settled RSUs is recognized as an expense, with a corresponding increase in contributed surplus in equity, over the vesting period. The amount recognized as an expense is based on the estimate of the number of awards expected to vest, which is revised if subsequent information indicates that actual forfeitures are likely to differ from the estimate. Upon vesting of equity settled RSUs, the related contributed surplus associated with the RSU is reclassified into share capital.

For cash settled RSUs , the fair value of the RSUs is recognized as stock-based compensation expense, with a corresponding increase in accrued liabilities over the vesting period. The amount recognized as an expense is based on the estimate of the number of RSUs expected to vest. Cash settled RSUs are measured at their fair value at each reporting period on a mark-to-market basis. Upon vesting of the cash settled RSUs, the liability is reduced by the Cash payout.

Where the Company has a choice to settle RSUs with cash or equity the Company will consider past practice, intent and ability to determine if the obligation will be settled in cash or equity and will account for the obligation accordingly.

3. GOING CONCERN

These Interim Financial Statements have been prepared on the basis of principles applicable to a going concern which assumes the Company will continue to meet its obligations and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses in the current and prior periods, with a loss and comprehensive loss attributable to shareholders of $6,430,426 and $10,875,011 for the three and nine month periods ended September 30, 2021 (three and nine months ended September 30, 2020 - $3,571,781 and $8,538,622), an accumulated deficit of $52,111,823 at September 30, 2021 (December 31, 2020 - $41,236,812), and negative cash flow from operations during the three and nine months ended September 30, 2021, of $6,514,569 (2020 – negative cash flow from operations of $7,039,758). These conditions indicate the existence of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. If for any reason the Company is unable to continue as a going concern, then this could have an impact on the Company's ability to realize assets at their recognized values and to extinguish liabilities in the normal course of business at the amounts stated in the Interim Financial Statements.

The Company will need to raise additional financing in the form of debt and/or equity in order to fund continuing operations. Even if the Company has been successful in raising funds in the past, there is no assurance that it will manage to obtain financing in the future.

In assessing whether this assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. If the going concern assumption was not appropriate for these Financial Statements, then adjustments would likely be necessary in the carrying amounts of assets and liabilities, expenses, the accumulated deficit and the classification used in the consolidated interim statement of financial position. These adjustments could be material.

4. NEW STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

Amendments to IAS 37: ONEROUS CONTRACTS AND THE COST OF FULFILLING A CONTRACT

The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The amendment is effective for annual periods beginning on or after January 1, 2022 with early application permitted. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

(Unaudited, Expressed in Canadian dollars, except per share amounts)

5. ACCOUNTS RECEIVABLE

Accounts receivable as at September 30, 2021, and December 31, 2020, consisted of the following:

	September 30, 2021	December 31, 2020
	$	$
Trade receivables	**4,031,510**	241,528
Trade receivables subject to factoring arrangement	**-**	4,313,280
Other receivables	**-**	1,016
Total accounts receivable	**4,031,510**	4,555,824

At December 31, 2020, the carrying amounts of the accounts receivables included accounts which were subject to a factoring arrangement (Note 13). Under this arrangement, the Company transferred the relevant receivables to the lender in exchange for cash and is prevented from selling or pledging the receivables, however it retains late payment and credit risk. The Company therefore continued to recognise the transferred assets in their entirety in its balance sheet. The amount repayable under the factoring agreement were included in factoring payable on the condensed consolidated interim statements of financial position. The Company considered the held to collect business model appropriate for these receivables and accordingly measured them at amortized cost. In 2021, the Company collected all outstanding receivables under the factoring arrangement and repaid all balances due to the lender under the factoring arrangement.

The Company has recognized an expected credit loss totalling $16,208 related to accounts receivable at September 30, 2021 (December 31, 2020 - $27,798). Due to the short-term nature of trade receivables, the carrying value is considered to be the same as the fair value.

(Unaudited, Expressed in Canadian dollars, except per share amounts)

6. INVENTORY

Inventory as at September 30, 2021, and December 31, 2020, consisted of the following:

	September 30, 2021			December 31, 2020
	Capitalized cost $	**Biological assets fair value adjustments $**	**Total $**	Total $
Dried cannabis				
Finished goods	**504,376**	**8,803**	**513,179**	90,433
Work-in-process	**2,224,316**	**86,698**	**2,311,014**	1,027,171
Cannabis extracts				
Finished goods	**2,296,224**	**-**	**2,296,224**	1,622,765
Work-in-process	**1,746,592**	**-**	**1,746,592**	2,233,804
Processing services				
Finished goods	**-**	**-**	**-**	101,480
Work-in-process	**-**	**-**	**-**	21,732
Harvested cannabis trim	**123,998**	**-**	**123,998**	175,846
Packaging, supplies and other inventory	**1,715,955**	**-**	**1,715,955**	1,222,310
Total inventory	**8,611,461**	**95,501**	**8,706,962**	6,495,541

Inventory expensed to cost of goods sold during the three and nine months ended September 30, 2021, was $3,243,083 and $10,585,964 (three and nine months ended September 30, 2020 - $1,927,246 and $5,855,073). Cost of goods sold for the three and nine months ended September 30, 2021, also includes royalties, license fees, shipping, and other costs totaling $1,793,023 and $5,482,450 (three and nine months ended September 30, 2020 - $428,139 and $431,189). In the three and nine months ended September 30, 2021, the Company recorded inventory write-offs totalling $445,504 and $1,541,929 (three and nine months ended September 30, 2020 - $145,906 and $472,979). The inventory write-offs for the three and nine months ended September 30, 2021, includes disposal of product that did not meet the Company's quality standards, disposals and provisions for aged inventory and write-down of dry flower harvested in the period at a cost that exceeded its realizable value.

(Unaudited, Expressed in Canadian dollars, except per share amounts)

7. BIOLOGICAL ASSETS

The changes in the carrying value of the biological assets are as follows:

	September 30, 2021	December 31, 2020
	$	$
Carrying amount, beginning of period	**69,829**	453,867
Production costs capitalized	**374,795**	1,074,437
Net change in fair value due to biological transformation less cost to sell	**(140,772)**	238,716
Transferred to inventory upon harvest	**(303,852)**	(1,697,191)
Carrying amount, end of period	**-**	69,829

As at September 30, 2021, the Company did not have any biological assets growing for commercial production. All plants as growing at September 30, 2021, were for research and development and the grow costs are included in operating expense on the condensed consolidated interim statements of loss and comprehensive loss. The fair value of biological assets at December 31, 2020, was comprised of cannabis plants.

8. PREPAID EXPENSES AND DEPOSITS

	September 30, 2021	December 31, 2020
	$	$
Rent, security and utility deposits	**9,053**	78,469
Government of Canada surety bond	**303,000**	208,000
Other prepayments	**490,091**	329,713
Total prepaid expenses and deposits	**802,144**	616,182

Other prepayments are primarily comprised of prepayments for raw materials and equipment for production and packaging inventory.

During the three and nine months ended September 30, 2020, the Company wrote off deposits totalling $681,405 and $985,751 related to extraction equipment and facility upgrades. There was no write-off of deposits in the three and nine months ended September 30, 2021.

(Unaudited, Expressed in Canadian dollars, except per share amounts)

9. PROPERTY, PLANT AND EQUIPMENT

	Land	Building and building improvements	Leasehold improvements	Facility equipment	Vehicle	Office equipment & furniture	Right of use assets	Total
Cost	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Balance, January 1, 2020	252,275	14,534,705	-	3,861,677	74,665	448,103	979,954	20,151,379
Additions	-	400,332	62,546	498,972	-	14,378	542,841	1,519,070
Disposals	-	-	(1,100)	(1,016,602)	-	(16,515)	-	(1,034,217)
Transferred from assets in process	-	3,565,570	-	968,243	-	16,250	-	4,550,062
Transfer Between Categories	-	(164,319)	-	164,319	-	-	-	-
Balance, December 31, 2020	252,275	18,336,289	61,446	4,476,609	74,665	462,217	1,522,795	25,186,296
Additions	-	78,533	-	317,985	-	95,975	-	492,493
Disposals	-	-	(2,432)	(23,760)	(3,358)	(29,252)	-	(58,802)
Lease buy-out (Note 16)	-	-	-	207,520	-	-	(524,765)	(317,245)
Transfer between categories	-	37,500	(37,500)	-	-	-	-	-
Transferred from assets in process	-	320,880	-	156,701	-	-	-	477,581
Balance, September 30, 2021	**252,275**	**18,773,202**	**21,514**	**5,135,055**	**71,307**	**528,940**	**998,030**	**25,780,323**
Accumulated depreciation								
Balance, January 1, 2020	-	577,191	-	562,169	19,616	169,560	49,769	1,378,305
Depreciation for the period	-	406,634	1,386	512,871	9,804	95,108	252,167	1,274,636
Transfer between building improvements and facility equipment	-	(12,154)	-	12,154	-	-	-	-
Disposals	-	-	(202)	(146,782)	-	(3,005)	-	(149,988)
Balance, December 31, 2020	-	971,671	1,184	940,412	29,421	261,663	301,936	2,506,287
Depreciation for the period	-	369,986	2,306	392,140	7,131	56,224	336,312	1,164,099
Lease buy-out (Note 16)	-	-	-	-	-	-	(317,245)	(317,245)
Transfer between building improvements and facility	-	(2,319)	2,319	-	-	-	-	-
Disposals	-	-	(2,432)	(14,873)	(2,142)	(29,015)	-	(48,462)
Balance, September 30, 2021	**-**	**1,339,338**	**3,377**	**1,317,679**	**34,410**	**288,872**	**321,003**	**3,304,679**
Carrying amounts as at:								
December 31, 2020	252,275	17,364,617	60,262	3,536,196	45,245	200,554	1,220,859	22,680,008
September 30, 2021	**252,275**	**17,433,864**	**18,137**	**3,817,376**	**36,897**	**240,068**	**677,027**	**22,475,644**

(Unaudited, Expressed in Canadian dollars, except per share amounts)

As at September 30, 2021, $63,845 of the cost of the Company's additions were included in accounts payable and accrued liabilities (December 31, 2020 - $70,265). In the three and nine months ended September 30, 2021, building, equipment and construction deposits totaling $175,077 have been applied towards the cost of additions to property, plant and equipment (December 31, 2020 - $1,177,614) and the Company has made further deposits totaling $468,651 towards future purchases (December 31, 2020 - $nil).

Total depreciation expense for the three and nine months ended September 30, 2021, was $375,468 and $1,164,099 (three and nine months ended September 30, 2020 - $307,147 and $848,514), of which $308,071 and $969,058 (three and nine months ended September 30, 2020 - $211,698 and $664,277) has been capitalized in the production of biological assets and inventory.

In the three and nine months ended September 30, 2021, the Company disposed of equipment no longer in use with an aggregate book value of $3,921 and $14,261. No proceeds were received on disposal.

10. ASSETS IN PROCESS

	Building & building improvements	Facility equipment	Office equipment & furniture	Total
	$	$	$	$
Balance, January 1, 2020	2,933,811	744,343	16,250	3,694,404
Additions	463,045	314,602	-	777,646
Capitalized interest and accretion	179,379	-	-	179,379
Write-off	-	(88,161)	-	(88,161)
Transfers between categories	(10,665)	10,665	-	-
Transferred to property, plant and equipment	(3,565,569)	(968,243)	(16,250)	(4,550,062)
Balance, December 31, 2020	-	13,205	-	13,205
Additions	320,880	284,065	-	604,945
Disposals	-	(3,921)	-	(3,921)
Transferred to property, plant and equipment	(320,880)	(156,701)	-	(477,581)
Balance, September 30, 2021	**-**	**136,648**	**-**	**136,648**

Interest of $nil was capitalized to building improvements during the three and nine months ended September 30, 2021 (three and nine months ended September 30, 2020 - $nil and $179,379).

(Unaudited, Expressed in Canadian dollars, except per share amounts)

11. INTANGIBLE ASSETS

	Genetics	License	Total
	$	$	$
Cost			
Balance, January 1, 2020	9,375	-	9,375
Additions	-	2,169,689	2,169,689
Balance, December 31, 2020	9,375	2,169,689	2,179,064
Balance, September 30, 2021	**9,375**	**2,169,689**	**2,179,064**
Accumulated amortization			
Balance, January 1, 2020	345	-	345
Amortization for the year	469	96,079	96,548
Balance, December 31, 2020	814	96,079	96,893
Amortization for the period	352	155,596	155,948
Balance, September 30, 2021	**1,166**	**251,675**	**252,841**
Carrying amounts as at:			
December 31, 2020	8,561	2,073,609	2,082,170
September 30, 2021	**8,209**	**1,918,014**	**1,926,223**

12. PREPAID ROYALTIES

On June 11, 2018, the Company prepaid $1,948,950 (USD$1,500,000) to DeepCell Industries ("DeepCell") for future royalty fees for sales of DeepCell branded products, which are edible cannabis derivatives. This agreement has a term of five years with a right to renew at the Company's option for additional five year terms. The prepaid royalties will be expensed on a per unit basis as the Company produces and sells DeepCell licensed products. As at September 30, 2021, the Company had not yet begun producing DeepCell branded products.

13. LOAN PAYABLE AND FACTORING PAYABLE

On February 23, 2021, the Company closed a $22,000,000 investment from Sundial Growers Inc. ("Sundial"). The investment was completed in the form of a brokered private placement of 25,000,000 common shares of the Company at a price of $0.44 per common share, for gross proceeds of $11,000,000 (the "Sundial Subscription"), and a non-revolving term loan facility in the principal amount of $11,000,000 ("Sundial Loan" together with Sundial Subscription the "Sundial Investment"). The proceeds from the Sundial Loan were advanced net of a 4% discount on issuance. The Company incurred $915,762 in fees and commissions related to the Sundial Investment, $540,789 of which related to the share issuance and $374,973 related to the loan payable. Of the transaction costs related to the loan payable, $296,473 are directly attributable to the new liability and have been included in the value of the new liability. The transaction costs related to the loan are amortized over the remaining term of the loan. Transaction costs totaling $78,500 were recorded as an expense on the condensed consolidated interim statements of loss and comprehensive loss. Interest is charged on the loan at a rate of 9% per annum. 50% of monthly accrued interest is payable on the last day of each month. The remaining 50% of accrued monthly interest is payable, at the option of the Company, either in cash on the last day of each month or payable in arrears on the maturity date. The loan matures on February 23, 2024.

(Unaudited, Expressed in Canadian dollars, except per share amounts)

The terms of the Sundial Loan are substantially changed from the previously outstanding loan payable and factoring payable facilities. Accordingly, the Company has accounted for the repayment of the preceding loan payable and factoring payable facilities as an extinguishment of those financial liabilities and has recognized the Sundial Loan as a new financial liability measured at its fair value net of transaction costs.

The fair value of the loan on issuance was $9,177,656, with an effective interest rate of 17.42%. $12,382,344 representing the difference between the total gross proceeds received from the Sundial Investment of $21,560,000 and the fair value of the loan is allocated to share capital. The Company incurred $596,972 in fees directly related to the issuance of shares.

The Company has pledged as security on the Sundial Loan a general security agreement signed by the Company and its' subsidiaries, share pledge agreements in all the shares of Indiva Amalco Ltd., Indiva Inc., and Vieva Canada Ltd., a first ranking collateral charge in the principal amount over the real property owned by the Company and an assignment of insurance proceeds on the property pledged as security.

Pursuant to the Sundial Investment, the Company settled the previously outstanding loan payable and factoring payable facilities. Settlement included repayment of principal and accrued interest on the loan payable in the amount of $4,731,147, repayment of the factoring payable of $3,707,891, early payment penalty of $25,993, and legal fees totaling $3,500. The unamortized transaction costs related to the preceding loan payable totaling $45,276 were recorded in transaction costs on the condensed consolidated interim statements of loss and comprehensive loss.

As at September 30, 2021, the loan payable consists of the following:	$
Advance received from Bridging	**6,232,998**
Interest charged	828,687
Repayment of loan principal	(1,864,331)
Repayment of interest on loan payable	(672,709)
Transaction costs on extension	(70,810)
Amortization of transaction costs	282,756
Loan payable, December 31, 2020	4,736,591
Interest charged on loan payable	101,178
Repayment of loan principal	(161,717)
Amortization of transaction costs	9,819
Transaction costs expensed on extinguishment	45,276
Final payment on settlement of loan payable	(4,731,147)
Balance of preceding loan payable, February 23, 2021	-
Sundial Loan at fair value	9,177,656
Transaction costs	(341,473)
Interest charged on Sundial Loan	603,317
Payment of interest on Sundial Loan	(351,412)
Accretion interest on loan discount	362,299
Amortization of transaction costs	59,836
Loan payable, September 30, 2021	**9,510,223**

14. DEFERRED REVENUE AND JOINT OPERATION

On February 18, 2020, the Company entered into a license and manufacturing agreement (the "Dycar Agreement") with Dycar Pharmaceuticals Ltd. ("Dycar") to produce and sell cannabis products in Canada. The unincorporated arrangement was a joint arrangement as, contractually, all the decisions about the relevant activities required unanimous consent by both parties.

Under the terms of the Dycar Agreement the Company committed to guaranteed cash payments payable to Dycar over the term of the agreement and prior to the guaranteed sales date. Dycar committed to providing the Company an advance for manufacturing services payable at the beginning of each phase of the agreement and funding cannabis inputs used in Dycar products. Dycar also provided an advance payment of $100,000 for the procurement of production molds and other production inputs of which $20,851 remained unspent at September 30, 2021 (December 31, 2020 - $51,275).

On February 18, 2020, Dycar advanced the Company $3,000,000 to be applied against the cost of manufacturing services provided by the Company pursuant to the agreement. In February 2021, Dycar advanced an additional $2,500,000 related to the second phase of the Dycar Agreement. The $5,500,000 in advances received for Phase I and II of the agreement were recorded as deferred revenue on the condensed consolidated interim statements of financial position and recognized over the agreement term from the Company's share of proceeds from the sale of products sold.

During the year ended December 31, 2020, the Company recognized a $2,646,423 provision for onerous contract related to the guaranteed cash payments required by this agreement. The provision reflected assumptions the Company made with respect to whether funding for guaranteed cash payments can be generated from the sale of Dycar products, the volume and product mix of those sales, and the cost to produce products in accordance with the agreement. In the three and nine months ended September 30, 2021, and prior to settlement, the Company recorded an increase of $nil and $1,102,756 to the onerous contract provision to reflect the impact of amendments and updates to estimated sales during the term of the Dycar Agreement.

On September 30, 2021, the Company entered into a settlement and termination agreement with Dycar (the "Settlement Agreement"). Under the terms of the Settlement Agreement, Indiva will make a payment to Dycar totalling $8,380,959 to settle all matters between the parties and terminate the Dycar Agreement and has recorded a loss on contract settlement totaling $4,835,117 on the condensed consolidated statements of loss and comprehensive loss. Legal costs totalling $94,559 were incurred by the Company related to the Settlement Agreement. The Company also wrote off $63,151 of packaging inventory as a result of ending the services provided under the Dycar Agreement.

(Unaudited, Expressed in Canadian dollars, except per share amounts)

The loss on contract settlement was calculated as follows:

	$
Settlement payment payable to Dycar	**8,380,959**
Guaranteed cash payments paid prior to settlement, net of proceeds from sale of Dycar products	5,930,610
Return of advance for production equipment (Note 15)	(20,851)
Buy-out of lease liability (Note 16)	(524,765)
Provision for onerous contract	(3,749,179)
Return of Phase 1 and Phase 2 advances included in deferred revenue	(3,892,052)
Cost of inventory transferred on settlement	(1,289,605)
Legal fees	94,559
Inventory write-off	63,151
Loss on contract settlement	**4,992,827**

Under the terms of the Settlement Agreement the Company will provide Dycar with limited production services during a transition period ending on or before January 31, 2022. During the transition period, Indiva will produce and fulfill purchase orders for Dycar product until provincial transitions are complete. On settlement Dycar prepaid $148,218 for fulfillment services during the transition period which is included in deferred revenue at September 30, 2021.

The balance of deferred revenue is comprised of the following:

	$
Advance on Phase 1 received from Dycar	**3,000,000**
Revenue recognized on sale of products	(637,436)
Deferred revenue, December 31, 2020	2,362,564
Advance on Phase 2 received from Dycar	2,500,000
Revenue recognized on sale of products	(970,512)
Unearned advances to be applied against settlement of Dycar agreement	(3,892,052)
Prepaid unit costs on transition	148,218
Deferred revenue, September 30, 2021	**148,218**

The Company's share of the revenue and expenses related to the joint arrangement was equal to the value of the manufacturing services as defined in the agreement and is recognized when the products are sold. In the three and nine months ended September 30, 2021, the Company recorded gross sales of $210,021 and $970,512 (three and nine months ended September 30, 2020 - $49,340 and $156,234) and cost of sales of $184,691 and $923,656 (three and nine months ended September 30, 2020 - $50,504 and $140,309) in the condensed consolidated interim statements of loss and comprehensive loss representing the Company's share of revenue and expenses in the periods.

(Unaudited, Expressed in Canadian dollars, except per share amounts)

15. OTHER LIABILITIES

		September 30, 2021			December 31, 2020		
		Current	**Long-term**	**Total**	Current	Long-term	Total
		$	**$**	**$**	$	$	$
Equipment advances	**(a)**		**-**	**-**	51,275	-	51,275
Minimum royalties	**(b)**	**177,581**	**714,448**	**892,029**	162,215	734,788	897,003
Balance		**177,581**	**714,448**	**892,029**	213,490	734,788	948,278

(a) Under terms of the Dycar Agreement, Dycar provided the Company with an advance payment of $100,000 for the procurement of production molds and other materials for production of Dycar branded products. The unspent balance of the advance totaling $20,851 was returned on settlement of the Dycar agreement.

(b) The present value of minimum royalty payments required under the terms of the Bhang license agreement at initial recognition was $813,789. During the three and nine months ended September 30, 2021, interest accretion of $27,177 and $130,028 (three and nine months ended September 30, 2020 - $37,824) was recorded to finance costs in the condensed consolidated interim statements of loss and comprehensive loss. Minimum royalty payments began in January 2021.

16. LEASE LIABILITY

	Office space	**Office equipment**	**Facility equipment**	**Total**
	$	**$**	**$**	**$**
Balance, January 1, 2020	908,280	10,047	-	918,327
Additions	-	-	542,841	542,841
Lease payments	(186,907)	(2,374)	(857)	(190,138)
Interest expense	89,790	635	-	90,425
Balance, December 31, 2020	811,163	8,308	541,984	1,361,455
Lease payments	(150,966)	(1,781)	(3,862)	(156,609)
Lease buy-out (Note			(524,765)	(524,765)
Interest expense	59,451	394	-	59,845
Balance, September 30, 2021	**719,648**	**6,921**	**13,357**	**739,926**
Current, December 31, 2020	119,191	1,864	529,498	650,653
Non-current, December 31, 2020	691,972	6,444	12,486	710,902
Current, September 30, 2021	**124,516**	**1,994**	**4,727**	**131,237**
Non-current, September 30, 2021	**595,132**	**4,927**	**8,630**	**608,689**

During the year ended December 31, 2020, the Company received advances from Dycar totalling $553,115 for the Company to procure production equipment. The Company received this production equipment at a cost of $524,765. The difference between the amount advanced and the cost of the equipment totalling $28,350 is an administrative fee payable to the Company that is included in deferred revenue on the condensed consolidated interim statements of financial position and is recognized as revenue as payments are made to Dycar. Pursuant to the terms of the equipment purchase agreement with Dycar, the Company will provide manufacturing services to drawdown the purchase price of the equipment, after which title to the equipment will transfer to the Company. The Company has determined the period of use until title transfers to Indiva shall be accounted for as a lease and accordingly a right of use asset, included in property, plant and equipment, and lease liability has been recorded in the amount of $524,765 on the condensed consolidated interim statements of financial position. The manufacturing services related to the equipment purchase commence after phase 3 of the Dycar agreement (Note 14). Settlement of the Dycar agreement (Note 14) included payout of the equipment phase of the agreement. On settlement ownership of production equipment accounted for as a right of use asset prior to settlement transferred to Indiva and is recorded in facility equipment at a cost of $207,520 equal to the carrying value of the right of use asset prior to settlement.

(Unaudited, Expressed in Canadian dollars, except per share amounts)

During the three and nine months ended September 30, 2021, the Company recognized $27,451 and $101,568 in variable lease payments included in general and administrative expenses on the condensed consolidated interim statements of loss and comprehensive loss (three and nine months ended September 30, 2020 - $42,725 and $70,385).

At September 30, 2021, the Company's undiscounted amount of future minimum lease payments are as follows:

	< 1 Year	2 to 3 Years	4 – 5 Years	5+ Years	**Total**
	$	$	$	$	**$**
Office and warehouse space	204,630	410,844	286,550	-	**902,024**
Facility equipment	5,147	6,863	-	-	**12,010**
Office equipment	2,374	4,748	594	-	**7,716**
Minimum lease payments	212,151	422,455	287,144	-	**921,750**
Financing charges	(67,833)	(88,174)	(25,817)	-	**(181,824)**
Total lease liabilities	**144,318**	**334,281**	**261,327**	**-**	**739,926**

17. PROMISSORY NOTE

On September 4, 2020, the Company issued a promissory note to a vendor for $1,360,296, representing the balance owing on account with the vendor. Under the terms of the promissory note interest accrues on the outstanding balance at a rate of 15% per annum until the maturity date on January 15, 2021. The interest rate increased to 18% per annum when the balance was not paid by the maturity date. A penalty fee of $150,000 was applied on January 15, 2021, as the balance on that date was not paid in full and is recorded in finance costs on the condensed consolidated interim statements of loss and comprehensive loss. During the three and nine months ended September 30, 2021, interest expense on the promissory note totaling $nil and $38,395 was included in finance costs on the condensed consolidated interim statements of loss and comprehensive loss (three and nine months ended September 30, 2020 - $nil). On February 23, 2021, the Company repaid the promissory note for $1,614,438, representing accrued interest, the $150,000 penalty fee applied on January 15, 2021, and principal outstanding on the date of repayment.

(Unaudited, Expressed in Canadian dollars, except per share amounts)

During the three and nine months ended September 30, 2021, amortization of legal costs totalling $40,845 is included in transaction costs on the condensed consolidated interim statements of loss and comprehensive loss (three and nine months ended September 30, 2020 - $14,736).

18. CONVERTIBLE DEBENTURES

Convertible debentures consist of the following:

	Debt	**Equity**	**Total**
	$	$	$
Balance, January 1, 2020	1,457,958	648,453	2,106,411
Accretion interest on debenture discount	261,802	-	261,802
Accretion of transaction costs	10,929	-	10,929
Conversion to common shares	(1,079,548)	(460,513)	(1,540,061)
Proceeds on issuance, net of transaction costs	1,791,012	722,288	2,513,300
Balance, December 31, 2020	2,442,153	910,228	3,352,381
Accretion interest on debenture discount	202,539	-	202,539
Accretion of transaction costs	8,538	-	8,538
Conversion to common shares	(109,841)	(43,166)	(153,007)
Balance, September 30, 2021	**2,543,389**	**867,062**	**3,410,451**

During the nine months ended September 30, 2021, debentures issued in December 2019 with an aggregate principal totaling $60,000 were converted by the holders into 300,000 common shares of the Company. Upon conversion a carrying value of $46,817 from convertible debentures and $18,444 from equity reserves was reclassified to share capital.

During the nine months ended September 30, 2021, debentures issued in January 2020 with an aggregate principal totaling $80,000 were converted by the holders into 400,000 common shares of the Company. On conversion a carrying value of $63,024 from convertible debentures and $24,722 from equity reserves was reclassified to share capital.

(Unaudited, Expressed in Canadian dollars, except per share amounts)

A reconciliation of interest and accretion expense on the convertible debentures in the nine months ended September 30, 2021, and 2020, is as follows:

	2021	2020
	$	$
Accretion interest on debenture discount	**202,539**	192,659
Accretion of transaction costs	**8,538**	7,765
Interest expense in the period	**228,393**	269,192
	439,470	469,616
Total interest and accretion	**439,470**	469,616
Interest expenses capitalized in assets in process (Note 9)	**-**	(179,379)
Accretion and interest on convertible debentures expensed	**439,470**	290,217

Interest expense payable, December 31, 2020 and 2019	**153,868**	11,794
Interest expense in the period	**228,393**	269,192
Interest expense paid in shares	**(45,750)**	(103,664)
Interest expense paid in cash	**(261,097)**	(93,459)
Interest expense included in accounts payable and accrued liabilities	**75,414**	83,863

On January 26, 2021, the Company issued shares pursuant to a shares for debt agreement to satisfy an aggregate of $45,750 of the Company's outstanding debts for accrued but unpaid interest on convertible debentures. An aggregate of 183,000 shares were issued which includes 152,000 shares issued to related parties. The Company's common shares had a fair value of $0.36 per share and accordingly a $20,130 loss on issuance of shares was recorded in the condensed consolidated interim statements of loss and comprehensive loss.

19. SHARE CAPITAL

(a) CAPITAL STOCK

Authorized capital stock consists of an unlimited number of common shares, without par value.

As at September 30, 2021, a total 136,695,712 (December 31, 2020 – 109,555,952) common shares were issued and outstanding. No special shares have been issued or are outstanding.

Pursuant to the Sundial Investment the Company issued 25,000,000 common shares (Note 13).

(Unaudited, Expressed in Canadian dollars, except per share amounts)

(b) WARRANTS, FINDERS' UNITS AND FINDERS' WARRANTS

	Warrants outstanding	**Weighted average exercise price**
	#	$
Outstanding, December 31, 2019	25,264,971	1.08
Issued	17,827,329	0.40
Expired	(24,851,860)	(1.08)
Outstanding, December 31, 2020	18,240,440	0.41
Issued	75,000	0.45
Expired	(383,169)	(0.95)
Exercised	(731,667)	(0.32)
Outstanding, September 30, 2021	**17,200,604**	**0.40**

During the nine months ended September 30, 2021, warrant holders exercised 731,667 warrants at an exercise price that ranged from $0.30 - $0.40 per share. 731,667 common shares of the Company were issued pursuant to the exercise of the warrants for proceeds of $224,877 including warrants exercised under the Company's warrant incentive program. Under terms of the incentive program, for each warrant that is exercised on or before October 12, 2021, the holder will receive at no additional cost, one-half of one newly issued common share purchase warrant with each whole incentive warrant exercisable into one common share at an exercise price of $0.45. The incentive warrants expire five years after issuance. As of September 30, 2021, holders exercised 150,000 warrants for proceeds of $60,000, $40,877 of which is allocated to share capital and $19,123 to reserves.

During the nine months ended September 30, 2021, 383,169 warrants with a value in reserves of $132,423 expired. The value of expired warrants is recorded to contributed surplus on the expiration date.

All warrants outstanding as at September 30, 2021 are exercisable.

The following warrants remain outstanding as at September 30, 2021:

Warrant description	**# of warrants**	**Expiry date**	**Exercise price**
	#		$
Rainmaker predecessor finders' warrants	29,942	04/27/2022	0.54
Warrants issued on June 25, 2020 equity offering	3,294,333	6/25/2023	0.40
Warrants issued on August 10, 2020 equity offering	13,725,663	8/10/2023	0.40
Warrants issued to brokers on August 10, 2020 equity offering	75,666	8/10/2023	0.30
Incentive warrants	75,000	9/30/2026	0.45
Total warrants and weighted average exercise price	**17,200,604**		**0.40**

(Unaudited, Expressed in Canadian dollars, except per share amounts)

As at September 30, 2021, the warrants outstanding have a weighted average remaining life of 1.85 years.

Warrants issued in the nine months ended September 30, 2021, and the year ended December 31, 2020, were valued using the Black-Scholes option pricing model using the following assumptions:

	September 30, 2021	**December 31, 2020**
Share price	$0.435	$0.27 - $0.285
Expected dividend yield	-	-
Volatility	163.43%	98.6% - 99.61%
Expected life	5.00 years	3.00 years
Risk-free rate	0.64%	0.26 – 0.32%

Volatility was estimated using the average historical volatility of the Company.

(c) SHARE BASED COMPENSATION

The equity compensation plans which the Company has in place relate to grants issued to officers, directors, employees and consultants and was approved by the Board of Directors in 2017. The plan was amended June 29, 2021, as an Omnibus Incentive Plan (“Omnibus Plan”) which also allows for the issuance of RSUs.

During the three and nine months ended September 30, 2021, the Company recognized share-based compensation expense of $110,607 and $425,477 (three and nine months ended September 30, 2020 – $67,074 and $178,693) related to stock options and RSUs included in operating expenses in the condensed consolidated interim statements of loss and comprehensive loss. Share-based compensation for the three and nine months ended September 30, 2021, totaling $14,681 and $56,294 related to options issued to production employees is included in the cost of inventory.

The maximum number of common shares reserved for issuance under all stock based compensation arrangements of the Company may not exceed 10% of the Company’s outstanding common shares. As at September 30, 2021, based on the Company’s total common shares outstanding, a total of 13,669,571 (December 31, 2020 - 10,955,595) stock options and RSUs may be issued and outstanding. Based on this, the Company could grant up to 5,020,683 (December 31, 2020 – 3,102,262) additional stock options or RSUs beyond what was issued and outstanding as at September 30, 2021. TSXV approval is required to reserve the related common shares for issuance. A maximum of 2,500,000 RSUs may be issued under the plan.

(I) RESTRICTED SHARE UNITS

On June 29, 2021, the Company granted 1,236,112 RSUs to officers and directors of the Company. Each RSU grant vests in accordance with the vesting schedule set for in the individual participant award agreement. The fair value of the shares on the grant date totalled $432,639 or $0.35 per RSU. 680,557 RSUs with a fair value of $238,195 were issued to officers of the Company and vested immediately upon receipt of the final approval of the Omnibus Plan from the TSXV Exchange, which was received on July 12, 2021. These RSUs were issued to settle accrued bonuses from December 31, 2020 and are accounted for as cash settled. The obligation was settled on September 15, 2021, with the issuance of

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325,093 common shares and $124,413 payable in cash and recorded in accounts payable and accrued liabilities in the condensed consolidated statements of financial position. 555,555 RSUs with a fair value of $194,444 vest December 29, 2021 and are accounted for as equity settled.

The following table summarizes the movement in outstanding RSUs:

	Total
Outstanding, December 31, 2019 and 2020	-
Granted	1,236,112
Redeemed (including cash payments)	(680,557)
Outstanding, September 30, 2021	**555,555**

(II) **STOCK OPTIONS**

Unless otherwise determined by the Board, options issued under the plan vest over a three-year period except for options granted to consultants or persons employed in Investor Relations Activities (as defined in the policies of the exchange).

Stock option activity for the equity compensation plan was as follows:

	Number of options #	**Weighted average exercise price** $
Outstanding, January 1, 2020	4,751,000	0.77
Granted	4,442,333	0.38
Expired	(440,004)	0.78
Forfeited	(1,216,662)	0.71
Outstanding, December 31, 2020	7,536,667	0.56
Granted	2,040,000	0.42
Exercised	(200,000)	(0.415)
Forfeited	(1,483,334)	(0.53)
Outstanding, September 30, 2021	**7,893,333**	**0.54**

On July 22, 2021, option holders exercised 200,000 options at an exercise price of $0.415 per share. 200,000 common shares of the Company were issued pursuant to the exercise of the options for proceeds of $83,000.

On June 7, 2021, the Company approved the grant of 1,190,000 stock options to employees of the Company. The options are exercisable into common shares of the Company at a price of $0.40 per common share and have a five-year term which expires June 7, 2026. One-third of all options vest on each anniversary date of the grant over the three years following the grant date.

On June 7, 2021, the Company granted 200,000 options to a consultant of the Company. The options vest immediately on the grant date, expire December 1, 2021, and are exercisable into common shares at an exercise price of $0.415 per share.

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On February 26, 2021, the Company granted 150,000 options to a director of the Company. 50,000 of the options vest immediately on the grant date, and 50,000 vest on each anniversary date of the issuance over the following two years. The options expire February 26, 2026, and are exercisable into common shares at an exercise price of $0.59 per share.

On January 25, 2021, the Company granted 200,000 options to a consultant of the Company. 100,000 of the options vest immediately on the grant date, and 100,000 vest on February 25, 2021. The options expire January 25, 2024 and are exercisable into common shares at an exercise price of $0.45 per share.

On January 12, 2021, the Company granted 300,000 options to consultants and advisors of the Company. 150,000 of the options vest immediately on the grant date, and 50,000 vest three months, six months, and nine months from the grant date. The options expire January 12, 2024 and are exercisable into common shares at an exercise price of $0.40 per share.

The grant date fair value is calculated using the Black-Scholes pricing model and the inputs below. Expected volatility is based on the average volatility of the Company. The exercise price used in the pricing model is that of the respective option granted. The outstanding options as at September 30, 2021, have a weighted average remaining contractual life of 2.83 years (December 31, 2020 – 3.40 years).

The table below summarizes assumptions used by the Company in calculating the value of stock options:

	Nine months ended September 30, 2021	**Year ended December 31, 2020**
Share price	**$0.38 - $0.59**	$0.25 - $0.34
Expected dividend yield	**$nil**	$nil
Volatility	**84.27% - 93.49%**	78.87% - 99.38%
Expected life (years)	**0.5 to 4**	3 to 4
Forfeiture rate	**33%**	29%
Risk-free rate	**0.17% - 0.33%**	0.27 – 1.07%

The following table presents information related to stock options at September 30, 2021:

Weighted average exercise price	**Number of options**	**Vested**	**Weighted average remaining life (years)**
$0.30	572,500	87,500	3.92
$0.40	3,889,833	1,141,635	3.64
$0.45	200,000	100,000	2.32
$0.59	150,000	50,000	4.41
$0.75	2,211,000	2,211,000	1.36
$0.80	650,000	510,000	2.27
$0.87	220,000	220,000	1.40
$0.53	**7,893,333**	**4,320,135**	**2.83**

(Unaudited, Expressed in Canadian dollars, except per share amounts)

The following table presents information related to stock options at December 31, 2020:

Weighted average exercise price	Number of options	Vested	Weighted average remaining life (years)
$0.30	717,500	87,500	5.35
$0.40	3,419,833	-	4.19
$0.75	2,311,000	2,311,000	2.09
$0.80	853,334	556,671	2.97
$0.87	235,000	190,001	2.15
$0.56	**7,536,667**	**3,145,172**	**3.40**

20. LOSS PER SHARE

The following table represents the number of shares to be issued on the exercise of the stock options, warrants and convertible debentures outstanding. The effect of this on diluted loss per share is anti-dilutive and accordingly, diluted loss per share is the same as basic loss per share:

	September 30, 2021	September 30, 2020
Stock options	**7,893,333**	7,380,833
RSUs	**555,555**	-
Warrants	**17,200,604**	27,903,309
Convertible debentures	**13,575,000**	14,650,000

21. GROSS REVENUE

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

	Three months ended		**Nine months ended**	
	2021	2020	**2021**	2020
	$	$	**$**	$
Product sales	**8,302,996**	3,292,904	**25,023,632**	7,555,090
Sale of cannabis to other licensed producers	**-**	-	**-**	446,478
Tolling revenue	**-**	129,294	**19,924**	511,964
Total	**8,302,966**	3,422,198	**25,043,556**	8,513,532

Product sales for the three and six months ended September 30, 2021, includes revenue related to a joint arrangement with BC Craft Supply Co Ltd. The joint arrangement is accounted for as a joint operation and the amount recorded to gross sales represents the Company's share of the revenue.

Tolling revenue represents revenue for processing service arrangements whereby the Company processed customer-supplied raw materials into finished goods.

(Unaudited, Expressed in Canadian dollars, except per share amounts)

22. PROMISSORY NOTE RECEIVABLE

On January 23, 2019, the Company entered into an agreement with RetailGo Inc. ("RetailGo"), to obtain a 9.9% interest in RetailGo valued at $1 and a promissory note for $1,030,000. The 9.9% ownership in RetailGo and the promissory note were provided in consideration for the $730,000 of expenses incurred by the Company on behalf of RetailGo and the transfer of $300,000 to a third party relating to a partnership with a retail licence holder. The partnership with the retail licence holder was ultimately unsuccessful. These expenses related to anticipated retail locations in Ontario.

As at the date of the transaction an asset value of $1 has been recognized for the promissory note from RetailGo, due to uncertainty of RetailGo's ability to repay the promissory note at the date of the transaction. The Company's former COO, General Counsel and Director, who departed in January 2019, is a founder of RetailGo. RetailGo provided the Company with 9,900,000 common shares and a non-interest bearing promissory note for $1,030,000.

On February 26, 2021, the Company settled all outstanding matters with respect to Retailgo Inc., which included the return of shares of Retailgo Inc., and forgiving the promissory note receivable.

23. SUPPLEMENTAL CASH FLOWS

The following items comprise the non-cash operating working capital items to be reflected through the Company's operating cash flow activity for the nine months ended September 30, 2021, and 2020:

	2021	2020
	$	$
Taxes receivable	**(435,666)**	184,129
Accounts receivable	**517,743**	(2,614,125)
Biological assets	**69,829**	346,761
Inventory	**(2,997,208)**	(1,031,920)
Prepaid expenses and deposits	**(185,962)**	(414,786)
Accounts payable and accrued liabilities	**(623,043)**	(756,692)
Taxes payable	**(518,639)**	578,208
Other liabilities	**(186,277)**	(519,903)
Onerous contract	**(5,823,412)**	-
Settlement liability	**9,658,159**	-
Deferred revenue	**(140,113)**	2,890,798
Interest on loan payable and convertible debentures	**353,083**	164,762
License fee payable	**-**	518,598
Amounts receivable from joint venture	**-**	(120,541)
	(311,506)	(774,711)

(Unaudited, Expressed in Canadian dollars, except per share amounts)

24. FINANCE COSTS

Finance costs consist of the following for the three and nine months ended September 30, 2021, and 2020:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	**2021**	2020
	$	$	**$**	$
Interest on factored invoices	**-**	54,548	**148,061**	97,647
Interest on loan payable (Note 13)	**254,268**	195,287	**704,495**	591,328
Interest on convertible debentures (Note 18)	**75,414**	80,689	**228,393**	269,192
Accretion of discount on loan payable (Note 13)	**153,338**	-	**362,299**	-
Accretion on convertible debentures (Note 18)	**70,799**	65,271	**202,540**	192,659
Interest and penalty on promissory note (Note 17)	**-**	14,736	**188,395**	14,736
Interest on lease liabilities (Note 16)	**19,137**	22,291	**59,845**	68,936
Interest on other liabilities (Note 15)	**27,177**	37,824	**130,026**	37,824
Other interest and bank charges (recovery)	**18,799**	29,979	**(331,247)**	221,837
Interest capitalized in assets in process (Note 18)	**-**	-	**-**	(179,379)
	618,932	500,625	**1,692,807**	1,314,780

25. SEGMENTED INFORMATION

The Company operates in one segment being the licensed production, processing and sale of cannabis. All property, plant and equipment, assets in process and intangible assets are located in Canada.

26. FINANCIAL INSTRUMENTS AND RISKS

The Company's financial instruments consist of cash, accounts receivable, equity investment, promissory note, accounts payable and accrued liabilities, settlement liability, other liabilities, loan payable, factoring payable, lease liabilities, and convertible debentures. The fair value of accounts receivable, accounts payable and accrued liabilities, and lease liabilities are equivalent to their carrying values given their short maturity period. Interest accretion on other liabilities is at the Company's effective interest rate and accordingly the carrying value is equivalent to the fair value. The loan payable was recorded using the Company's effective interest rate and accordingly its' carrying values approximates the fair value on the issuance date. There has been no material change to the Company's overall effective interest rate as at September 30, 2021, and accordingly the fair value of the Company's long-term financial liabilities, comprised of convertible debentures, lease liabilities and loan payable approximates their carrying value as at September 30, 2021.

(Unaudited, Expressed in Canadian dollars, except per share amounts)

(a) Foreign currency risk

As at September 30, 2021, the Company did not hold any cash denominated in a foreign currency (December 31, 2020 - $nil).

(b) Liquidity risk

The Company's approach to managing liquidity is to maintain sufficient liquidity to meet its liabilities when they become due.

In addition to the commitments disclosed in Note 30, the Company is obligated to the following contractual maturities of undiscounted cash flows, net of interest payments:

As at September 30, 2021	Carrying amount	Contractual cash flows	Year 1	Year 2 - 3	Year 4 -5 and thereafter
	$	$	$	$	$
Accounts payable and accrued liabilities	6,854,872	8,854,872	6,854,872	-	-
Excise tax payable	492,688	492,688	492,688	-	-
Other liabilities	892,029	2,129,020	186,750	401,979	1,494,415
Loan payable	9,510,223	11,251,905	-	11,251,905	-
Lease liabilities	739,926	921,749	212,151	422,455	287,143
Settlement liability	9,658,159	9,658,159	9,658,159	-	-
Convertible debentures	2,543,389	3,015,000	-	3,015,000	-
Total	**30,691,286**	**36,323,393**	**17,404,620**	**15,091,339**	**1,781,558**

As at December 31, 2020	Carrying amount	Contractual cash flows	Year 1	Year 2 - 3	Year 4 -5 and thereafter
	$	$	$	$	$
Accounts payable and accrued liabilities	7,478,240	7,478,240	7,478,240	-	-
Excise tax payable	1,011,327	1,011,327	1,011,327	-	-
Factoring payable	3,575,466	3,575,466	3,575,466	-	-
Other liabilities	948,278	2,315,296	231,275	387,450	1,696,571
Loan payable	4,736,591	4,736,591	4,736,591	-	-
Lease liabilities	1,361,455	1,603,101	733,213	424,114	445,774
Promissory note	1,385,198	1,385,198	1,385,198	-	-
Provision for onerous contract	2,646,423	2,646,423	2,646,423	-	-
Convertible debentures	2,442,153	3,155,000	-	3,155,000	-
Total	**25,585,131**	**27,906,642**	**21,797,733**	**3,966,564**	**2,142,345**

(Unaudited, Expressed in Canadian dollars, except per share amounts)

(c) Credit risk

The Company's cash and accounts receivable is exposed to credit risk, which is the risk that the counterparties to a financial instrument fail to meet its contractual obligations to the Company. The amount of credit risk related to cash is considered insignificant as the Company's funds are held with a Schedule I bank.

The Company has assessed that it has limited customer credit risk due to the fact that accounts receivable are primarily from the sale of cannabis to government agencies and large retail outlets and have payment terms of 30 – 60 days. The Company has recorded an expected credit loss on accounts receivable as at September 30, 2021 totaling $16,208 (December 31, 2020 - $27,798).

During the three and nine months ended September 30, 2021, the Company had sales of $7,114,039 and $21,898,218 to three major customers (three and nine months ended September 30, 2020 - $3,007,229 and $6,900,664). These customers each accounted for over 10% of the Company's total revenue for the three and nine months ended September 30, 2021. Total amounts receivable from these customers at September 30, 2021, was $3,438,797 (December 31, 2020 - $3,857,781).

As at September 30, 2021, the Company's aging of receivables was approximately as follows:

	September 30, 2021	**Expected credit loss rate**	December 31, 2020	Expected credit loss rate
	$	%	$	%
Current	3,873,623	0.1	4,399,739	0.1
61 – 120 Days	146,702	3.0	156,085	12.7
Greater than 121 Days	11,185	25.0	-	-
Total	**4,031,510**	0.4	4,555,824	0.5

(d) Interest rate risk

The interest rate on the loan payable and convertible debenture is fixed and accordingly the Company does not have any liabilities subject to interest rate risk.

27. FAIR VALUE MEASUREMENTS

As at September 30, 2021, the Company's cash is the only financial instrument recorded at fair value. Cash is classified as a Level 1 financial instruments.

The Company did not transfer any assets or liabilities between levels on the fair value hierarchy and has not offset any of its financial assets against its financial liabilities.

(Unaudited, Expressed in Canadian dollars, except per share amounts)

Fair-value hierarchy

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. Cash a Level 1. There was no movement between levels during the period. The hierarchy is summarized as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities
Level 2 – inputs that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices) from observable market data
Level 3 – inputs for assets and liabilities not based upon observable market data

	September 30, 2021			**December 31, 2020**		
	Level 1	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
	$	**$**	**$**	$	$	$
Cash	**2,595,629**	**-**	**-**	314,042	-	-
Total	**2,595,629**	**-**	**-**	314,042	**-**	**-**

28. CAPITAL MANAGEMENT

The Company considers its capital under management to be total debt and equity of $24,958,597 (December 31, 2020 – $23,359,006), as shown below:

	September 30, 2021	**December 31, 2020**
	$	**$**
Total Debt		
Factoring payable	-	3,575,466
Loan payable	9,510,223	4,736,591
Promissory note	-	1,385,198
Convertible debentures	2,543,389	2,442,153
Total Debt	**12,053,612**	**12,139,408**
Total Equity	**12,904,985**	**11,219,598**

The Company's primary objectives in managing its capital are to maintain sufficient levels of working capital for production and sales at the London, Ontario facility, as well as to cover general operating expenditures and sustain future development of the business. The Company achieves its objectives by allocating capital in accordance with management's strategies and periodically raising capital through debt or equity.

Under the terms of the Sundial Loan the Company must maintain a cash balance, at all times, of not less than $2,000,000.

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29. INCOME TAXES

There have been no material changes to income tax matters during the three and nine months ended September 30, 2021. The Company is subject to income tax at a statutory tax rate of 26.5%. During the three and nine months ended September 30, 2021, there were no material changes to statutory tax rates.

During the nine months ended September 30, 2021, the Company recognized a deferred tax liability through equity related to the Sundial financing. As a result, the Company recognized previously unrecognized deferred tax assets to offset the deferred tax liability.

30. COMMITMENTS

The Company has contractual obligations for contractors, consultants, IT services, facility services, equipment, and inventory purchases with terms remaining of up to three years.

At September 30, 2021, the Company had future commitments for these expenditures is as follows:

	< 1 Year	1 to 5 Years	> 5 Years	**Total**
	$	$	$	**$**
Minimum lease payments and variable charges	396,871	781,396	26,469	**1,204,736**
Other commitments	1,340,364	26,040	-	**1,366,404**
Total	**1,737,235**	**807,436**	**26,469**	**2,571,140**

Subsequent to September 30, 2021, the Company entered into commitments totalling $746,468. These commitments are primarily comprised of facility equipment, production supplies, and marketing supplies.

The Company entered into a license agreement effective March 4, 2020. Under terms of the agreement, the Company will incur minimum expenditures of $200,000 per quarter for marketing related to the licensed products.

Under the terms of the Amended License Agreement with Bhang, Indiva has committed to spend an amount equal to at least five percent of net sales of the Bhang licensed products for advertising and promotion of the Bhang licensed products.

In the normal course of business, the Company may be involved in legal proceedings, claims and assessments. Such matters are subject to many uncertainties, and outcomes are not predictable with assurance. Legal fees for such matters are expensed as incurred and the Company accrues for adverse outcomes as they become probable and estimable.

31. KEY MANAGEMENT COMPENSATION

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The key management personnel of the Company are the members of the Company's executive management team and Board of Directors

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Key management personnel compensation for the three and nine months ended September 30, 2021, and 2020, was as follows:

	For the three months ended September 30,		**For the nine months ended September 30,**	
	2021	2020	**2021**	2020
	$	$	**$**	$
Short-term key management personnel compensation	**239,861**	231,667	**703,270**	741,667
Share-based payments	**84,243**	52,775	**272,115**	156,865
Directors' fees	**13,125**	5,625	**39,375**	16,875
	337,229	290,067	**1,014,760**	915,407

32. RELATED-PARTY TRANSACTIONS

During the three and nine months ended September 30, 2021, the Company invoiced the Bhang JV $nil for the recovery of expenses related to marketing, pre-production costs, management, and administration prior to the effective date of the Amended License Agreement ($12,116 and $248,668 for the three and nine months ending September 30, 2020). The Bhang JV charged license fees to the Company totalling $1,086 and $518,598 related to licensed products manufactured and sold by the Company during the three and nine months ended September 30, 2020, representing the license fee payable on sales prior to the effective date of the Amended License Agreement. The Company had a related party relationship with the Bhang JV under the joint venture agreement which was amended July 20, 2020. After such date the joint venture became a wholly owned subsidiary of the Company and accordingly there were no related party transactions recorded in the three and nine months ended September 30, 2021.

In the three and nine months ended September 30, 2021, the Company settled interest payments totaling $nil and $45,750 in exchange for Common Shares in the Company. The fair value of the shares on issuance was $0.25 per share. The debenture holders include certain related parties of the Company, including directors and officers of the Company. An aggregate of 183,000 Common Shares were issued to the creditors, which includes an aggregate of 152,000 Common Shares issued to related parties to settle interest owing.

33. COMPARATIVE FIGURES

Certain comparative amounts in these Interim Financial Statements have been re-classified as a result of a change in presentation of certain expenses on a functional basis during the current year. The Company notes no material changes have been made to any of these figures other than classifications within operating expenses and there is no change to total assets, total liabilities and equity, or total comprehensive loss attributable to shareholders.

34. SUBSEQUENT EVENTS

Subsequent to September 30, 2021, debenture holders converted $25,000 of principal on the convertible debentures into 125,000 common shares of the Company. Accrued interest payable on the date of conversion to debenture holders is $819.

Subsequent to September 30, 2021, warrant holders exercised 4,358,332 warrants pursuant to the Company's warrant incentive program which closed on October 12, 2021 (Note 19(b)). 4,358,332 common shares of the Company were issued pursuant to the exercise of the warrants for proceeds of $3,486,666 and the Company issued 2,179,166 incentive warrants.

On October 4, 2021, the Company amended the terms of the non-revolving term loan facility with Sundial. Under terms of the amendment Indiva will receive an additional advance totalling $8,500,000. The interest rate on the total amount of principal and accrued interest outstanding on the facility is 15% per annum with interest payable monthly and the loan maturing on February 23, 2024. The majority of the proceeds from the amended facility were used to fund the Dycar Settlement (Note 14).