



1933 INDUSTRIES INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended January 31, 2021 and 2020

(Expressed in Canadian Dollars)

(Unaudited)

Notice of Disclosure of Non-auditor Review of the Condensed Interim Consolidated Financial Statements for the three and six months ended January 31, 2021 and 2020.

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

The accompanying unaudited condensed interim consolidated financial statements of 1933 Industries Inc. (“the Company” or “1933 Industries”) for the interim period ended January 31, 2021, have been prepared in accordance with the International Accounting Standard 34 – *Interim Financial Reporting* as issued by the International Accounting Standards Board and are the responsibility of the Company’s management.

The Company’s independent auditors, Davidson & Company LLP, have not performed a review of these unaudited condensed interim consolidated financial statements.

March 30, 2021

1933 INDUSTRIES INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian dollars) - Unaudited

	Note	January 31, 2021	July 31, 2020
ASSETS			
Current			
Cash		\$ 1,687,750	\$ 2,761,542
Receivables	4	1,643,492	988,009
Inventory	5	2,039,687	2,274,307
Biological assets	6	721,244	810,332
Prepaid expenses and deposits	7,12(e)	1,118,419	954,730
		7,210,592	7,788,920
Property and equipment	8	20,366,598	22,094,842
Goodwill	9	15,923,234	16,700,708
Total assets		\$ 43,500,424	\$ 46,584,470
LIABILITIES			
Current			
Accounts payable and accrued liabilities	16	\$ 2,048,368	\$ 1,387,547
Current portion of lease liability	10	375,087	295,088
Convertible debentures	11	8,438,440	-
		10,861,895	1,682,635
Lease liability	10	13,794,747	14,526,481
Convertible debentures	11	-	10,923,172
Total liabilities		24,656,642	27,132,288
Shareholders' equity			
Share capital	12	74,890,896	70,887,770
Reserves	12(d)	7,898,909	6,653,522
Accumulated other comprehensive loss		(620,264)	817,190
Deficit		(63,325,759)	(57,996,162)
Equity attributable to shareholders of the Company		18,843,782	20,362,320
Non-controlling interest	13	-	(910,138)
Total Equity		18,843,782	19,452,182
Total liabilities and shareholders' equity		\$ 43,500,424	\$ 46,584,470

Events after the reporting period (note 21)

Approved on behalf of the Board of Directors and authorized for issuance on March 30, 2021:

 "Signed"
 Brian Farrell, Director

 "Signed"
 Paul Rosen, Director

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

1933 INDUSTRIES INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian dollars) - Unaudited

	Note	Three months ended		Six months ended	
		2021	2020	2021	2020
Revenues		\$ 3,406,826	\$ 3,139,265	\$ 6,094,342	\$ 7,020,448
Cost of sales	5	1,844,687	3,422,355	3,690,498	5,823,766
Gross margin (loss), excluding fair value adjustments		1,562,139	(283,090)	2,403,844	1,196,682
Fair value adjustment on sale of inventory		(138,862)	45,719	(805,801)	45,719
Fair value adjustment on biological assets	6	271,717	(538,546)	825,651	66,786
Gross margin (loss)		1,694,994	(775,917)	2,423,694	1,309,187
Expenses					
General and administration	19	934,154	2,141,769	2,162,721	4,478,988
Management and consulting fees	16	115,142	402,166	194,647	769,194
Wages and benefits	16	492,251	1,070,705	1,058,390	2,051,360
Professional fees	12(e)	320,018	422,482	531,060	650,616
Share-based compensation	12,16	360,947	230,042	614,629	784,636
Interest expense	10,11	433,375	634,232	1,140,920	1,302,140
Accretion expense	11	34,630	284,206	74,752	560,733
Depreciation	8	462,467	451,363	925,893	940,933
Foreign exchange gain		(48,830)	(6,948)	(54,171)	(7,181)
		3,104,154	5,630,016	6,648,841	11,531,418
Net loss from continuing operations		(1,409,160)	(6,405,933)	(4,225,147)	(10,222,231)
Net income (loss) from discontinued operations	20	97	(15,427)	(2,493)	(15,427)
Net loss for the period		\$ (1,409,063)	\$ (6,421,360)	\$ (4,227,640)	\$ (10,237,658)
Net loss from continuing operations attributable to:					
Shareholders of the Company		\$ (1,409,160)	\$ (6,121,869)	\$ (4,089,824)	\$ (9,879,572)
Non-controlling interest		\$ -	\$ (284,064)	\$ (135,323)	\$ (342,659)
Net loss attributable to:					
Shareholders of the Company		\$ (1,409,063)	\$ (6,137,296)	\$ (4,092,317)	\$ (9,894,999)
Non-controlling interest		\$ -	\$ (284,064)	\$ (135,323)	\$ (342,659)
Net loss from continuing operations per share					
Basic and Diluted		\$ (0.00)	\$ (0.02)	\$ (0.01)	\$ (0.04)
Net loss per share					
Basic and Diluted		\$ (0.00)	\$ (0.02)	\$ (0.01)	\$ (0.04)
Weighted average number of shares outstanding					
Basic and Diluted		339,996,131	285,478,539	336,493,777	285,478,539

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

1933 INDUSTRIES INC.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

For the three and six months ended January 31, 2021 and 2020

(Expressed in Canadian dollars) - Unaudited

	Three months ended		Six months ended	
	2021	2020	2021	2020
Net loss for the period	\$ (1,409,063)	\$ (6,421,360)	\$ (4,227,640)	\$ (10,237,658)
Other comprehensive income (loss)				
Foreign currency translation adjustment	(1,336,024)	389,532	(1,446,570)	243,530
Comprehensive loss for the period	(2,745,087)	(6,031,828)	(5,674,210)	(9,994,128)
Comprehensive income (loss) attributable to:				
Shareholders of the Company	(1,409,063)	(6,137,296)	(4,092,317)	(9,894,999)
Non-controlling interest	-	(284,064)	(135,323)	(342,659)
Translation adjustment – Shareholders of the Company	(1,336,025)	377,400	(1,437,454)	234,249
Translation adjustment – Non-controlling interest	1	12,132	(9,116)	9,281
	\$ (2,745,087)	\$ (6,031,828)	\$ (5,674,210)	\$ (9,994,128)

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

1933 INDUSTRIES INC.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the six months ended January 31, 2021 and 2020

(Expressed in Canadian dollars) - Unaudited

	Note	2021	Six months ended 2020
Operating Activities			
Loss from continuing operations		\$ (4,225,147)	\$ (10,222,231)
Adjustments to non-cash items:			
Fair value adjustment on sale of inventory		805,801	(45,719)
Fair value adjustment on growth of biological assets	6	(825,651)	(66,786)
Share-based compensation	12(f)	614,629	784,636
Accretion expense	11	74,752	560,733
Depreciation	8	925,893	940,933
Interest on convertible debentures	11	443,625	621,882
Interest on lease liability	10	697,295	680,257
Warrants issued for professional fees	12(e)	22,160	41,229
Shares issued for compensation	12(c)	-	170,752
Changes in non-cash working capital items			
Inventory and biological assets		394,352	(325,942)
Receivables		(648,548)	(83,125)
Prepaid expenses		(141,327)	1,091,434
Accounts payable and accrued liabilities		664,523	(762,567)
Income taxes payable		-	913
Net cash used in operating activities of continuing operations		(1,197,643)	(6,613,601)
Net cash used in operating activities of discontinued operations	20	(2,493)	(15,427)
Investing Activities			
Purchase of property and equipment	8	(204,703)	(1,704,285)
Net cash used in investing activities		(204,703)	(1,704,285)
Financing Activities			
Common shares issued for cash – private placement	12(c)	1,706,973	-
Common shares issued for cash – exercise of stock options	12(c)	-	12,000
Common shares issued for cash – exercise of warrant and agent options	12(c)	-	1,181,806
Share issue costs	12(c)	(202,067)	-
Interest paid on convertible debentures	11	-	(622,050)
Repayment of lease obligation	10	(660,528)	(797,212)
Net cash provided by (used in) financing activities		844,378	(225,456)
Effect of exchange rate changes on cash		(513,331)	89,339
Change in cash		(1,073,792)	(8,469,430)
Cash, beginning of period		2,761,542	17,613,900
Cash, end of period		\$ 1,687,750	\$ 9,144,470

Supplemental disclosure with respect to cash flows (note 17)

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

1933 INDUSTRIES INC.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Expressed in Canadian dollars, except share numbers) - Unaudited

	Note	Number	Issued capital	Reserves	Accumulated other comprehensive income (loss)	Deficit	Non- controlling interest	Total
Balance, July 31, 2019		281,509,693	\$ 67,467,929	\$ 6,329,323	\$ (8,444)	\$ (36,310,938)	\$ (289,466)	\$ 37,188,404
Adjustment on application of IFRS 16		-	-	-	-	(143,379)	-	(143,379)
Balance, August 1, 2019		281,509,693	\$ 67,467,929	\$ 6,329,323	\$ (8,444)	\$ (36,454,317)	\$ (289,466)	\$ 37,045,025
Shares issued – exercise of options	12	80,000	21,616	(9,616)	-	-	-	12,000
Shares issued – exercise of warrants	12	3,376,588	1,181,806	-	-	-	-	1,181,806
Shares issued – conversion of convertible debentures \$0.45	11,12	44,444	18,766	(2,904)	-	-	-	15,862
Shares issued – bonus	12,16	467,814	170,752	-	-	-	-	170,752
Share-based compensation	12,16	-	-	784,636	-	-	-	784,636
Warrants issued – services	12	-	-	240,500	-	-	-	240,500
Translation adjustment		-	-	-	234,249	-	9,281	243,530
Non-controlling interest		-	-	-	-	-	(342,659)	(342,659)
Net loss for the period		-	-	-	-	(9,894,999)	-	(9,894,999)
Balance, January 31, 2020		285,478,539	\$ 68,860,869	\$ 7,341,939	\$ 225,805	\$ (46,349,316)	\$ (622,844)	\$ 29,456,453

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

1933 INDUSTRIES INC.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Expressed in Canadian dollars, except share numbers) - Unaudited

	Note	Number	Issued capital	Reserves	Accumulated other comprehensive income (loss)	Deficit	Non- controlling interest	Total
Balance, July 31, 2020		305,647,546	\$ 70,887,770	\$ 6,653,522	\$ 817,190	\$ (57,996,162)	\$ (910,138)	\$ 19,452,182
Shares issued - conversion of convertible debentures \$0.10	11,12	30,489,128	2,994,041	(47,766)	-	-	-	2,946,275
Shares issued - Private Placement	12	24,430,040	1,211,988	494,985	-	-	-	1,706,973
Share-based compensation	12,16	-	-	614,629	-	-	-	614,629
Share issue costs	12	-	(202,903)	836	-	-	-	(202,067)
Translation adjustment		-	-	-	(1,437,703)	-	(9,116)	(1,446,819)
Purchase of non-controlling interest	13	-	-	182,703	-	(1,237,280)	1,054,577	-
Non-controlling interest		-	-	-	-	-	(135,323)	(135,323)
Net loss for the period		-	-	-	-	(4,092,317)	-	(4,092,317)
Balance, January 31, 2021		360,566,714	\$ 74,890,896	\$ 7,898,909	\$ (620,513)	\$ (63,325,759)	\$ -	\$ 18,843,782

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

1933 INDUSTRIES INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2021 and 2020

(Expressed in Canadian dollars, except where noted) - Unaudited

1. NATURE OF OPERATIONS

1933 Industries Inc. (the "Company") was incorporated pursuant to the provisions of the Business Corporations Act of Alberta. The Company is a publicly traded corporation with its registered office located at 300 – 1055 West Hastings Street, Vancouver, British Columbia, Canada.

The Company operates in the medical and recreational cannabis sectors in Nevada, USA. Alternative Medicine Association ("AMA"), a 91% owned subsidiary of the Company is licensed in the State of Nevada as (i) a cultivation facility; and (ii) a production facility for edible, or cannabis-infused products. On November 4, 2020, the Company acquired the remaining 9% interest in AMA Production LLC ("AMA Pro") from the holders to make the Company's share in AMA Pro 100% (note 13). Infused Mfg ("Infused"), a 100% owned subsidiary of the Company, is focused on developing, acquiring and designing hemp and cannabidiol ("CBD") infused products and brands for retail sale and use in jurisdictions where permitted. On April 1, 2019, the Company acquired the remaining 9% interest in Infused from the holder to make the Company's share in Infused 100%.

While some states in the United States ("U.S.") have authorized the use and sale of cannabis, it remains illegal under federal law and the approach to enforcement of U.S. federal laws against cannabis is subject to change. Because the Company engages in cannabis related activities in the U.S., it assumes certain risks due to conflicting state and federal laws. The federal law relating to cannabis could be enforced at any time and this would put the Company at risk of being prosecuted and having its assets seized.

On January 4, 2018, United States Attorney General Jeff Sessions issued a memorandum to United States district attorneys (the "Sessions Memorandum") which rescinded previous guidance from the United States Department of Justice specific to cannabis enforcement in the United States, including the Cole Memorandum. With the Cole Memorandum rescinded, United States federal prosecutors no longer have guidance relating to the exercise of their discretion in determining whether to prosecute cannabis related violations of United States federal law. In response to the Sessions Memorandum, on April 13, 2018, the United States President Donald Trump promised Colorado Senator Cory Gardner that he will support efforts to protect states that have legalized cannabis. Former United States Attorney General Sessions resigned on November 7, 2018 and was replaced by William Barr on February 14, 2019. In a written response to questions from U.S. Senator Cory Booker as nominee, Attorney General Barr stated, "I do not intend to go after parties who have complied with state law in reliance on the Cole Memorandum." Nevertheless, a significant change in the federal government's enforcement policy with respect to current federal laws applicable to cannabis could cause significant financial damage to the Company. The Company may be irreparably harmed by a change in enforcement policies of the federal government depending on the nature of such change.

Given the current illegality of cannabis under U.S. federal law, the Company's ability to access both public and private capital may be hindered by the fact that certain financial institutions are regulated by the U.S. federal government and are thus prohibited from providing financing to companies engaged in cannabis related activities. The Company's ability to access public capital markets in the U.S. is directly hindered as a result. The Company may, however, be able to access public and private capital markets in Canada in order to support continuing operations.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak and any related adverse public health developments may adversely affect workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

2. BASIS OF PRESENTATION

a) Statement of compliance

These unaudited condensed interim consolidated financial statements ("interim financial statements") were approved by the Board of Directors and authorized for issue on March 30, 2021.

These interim financial statements have been prepared in accordance with International Accounting Standard 34 - *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). As such, these interim financial statements do not contain all the disclosures required by IFRS for annual financial statements and should be read in conjunction with the Company's audited annual consolidated financial statements for the years ended July 31, 2020 and 2019 ("annual financial statements").

1933 INDUSTRIES INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2021 and 2020

(Expressed in Canadian dollars, except where noted) - Unaudited

2. BASIS OF PRESENTATION (continued)

b) Basis of measurement

These interim financial statements have been prepared in Canadian dollars on a historical cost basis except for cash and biological assets measured at fair value.

c) Functional and presentation currency

These interim financial statements are presented in Canadian dollars. The functional currency of the Company is the Canadian dollar. See "Basis of consolidation" for the functional currency of the Company's subsidiaries.

d) Basis of consolidation

All inter-company balances, transactions, revenues and expenses have been eliminated on consolidation. These interim financial statements incorporate the accounts of the Company and the following subsidiaries:

Name of subsidiary	Abbreviation	Country of Incorporation	Percentage Ownership	Functional Currency	Principal Activity
1080034 B.C. Ltd.	0034 BC	Canada	100%	CAD	Holding company
1933 Management Services Inc.	FNM	USA	100%	USD	Holding company
1933 Legacy Inc.	Legacy	USA	100%	USD	Holding Company
Infused Mfg LLC	Infused MFG	USA	100%	USD	Hemp and CBD – Infused products
FN Pharmaceuticals LLC	FNP	USA	100% ⁽¹⁾	USD	Holding company
Alternative Medicine Association LLC ⁽²⁾	AMA	USA	100%	USD	Cannabis cultivation and production
AMA Productions LLC ⁽²⁾	AMA Pro	USA	100%	USD	Holding Company
Spire Secure Logistics Inc.	Spire	Canada	100%	CAD	Inactive

⁽¹⁾ On April 1, 2019, the Company acquired the remaining 9% interest from the holder to make the Company's share in Infused Mfg 100%.

⁽²⁾ On November 4, 2020, the Company acquired the remaining 9% interest in AMA Pro from the holders to make the Company's share in AMA Pro and AMA 100% (note 13).

e) Reclassification of prior year amounts

The Company may have reclassified certain immaterial items to improve clarity.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these interim financial statements are consistent with those applied and disclosed in note 3 to the annual financial statements.

4. RECEIVABLES

	January 31, 2021	July 31, 2020
Trade receivables	\$ 1,377,330	\$ 679,535
GST receivable	224,245	198,845
Other	41,917	109,629
	\$ 1,643,492	\$ 988,009

GST receivable include input tax credits receivable from the Government of Canada.

1933 INDUSTRIES INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2021 and 2020

(Expressed in Canadian dollars, except where noted) - Unaudited

5. INVENTORY

	January 31, 2021	July 31, 2020
Harvested cannabis and trim	\$ 468,736	\$ 612,432
Cannabis oil and equivalent	794,085	1,005,160
Finished goods	438,912	316,088
Raw materials	337,954	340,627
	\$ 2,039,687	\$ 2,274,307

Inventories expensed to cost of sales during the three and six months ended January 31, 2021 was \$1,844,687 and \$3,690,498 respectively (2020 - \$3,422,355 and \$5,823,766, respectively).

6. BIOLOGICAL ASSETS

	January 31, 2021	July 31, 2020
Balance, beginning of period	\$ 810,332	\$ 168,400
Production costs capitalized	2,678,283	4,583,766
Change in fair value less costs to sell due to biological transformation	(825,651)	(310,281)
Transferred to inventory upon harvest	(3,167,248)	(3,622,410)
Foreign exchange	1,225,528	(9,143)
Balance, end of period	\$ 721,244	\$ 810,332

The fair value was determined using an expected cash flow model which assumes the biological assets will grow to maturity, be harvested and converted into finished goods inventory, and be sold in the retail cannabis market. The significant assumptions used in determining the fair value of cannabis plants include:

Assumption	January 31, 2021	July 31, 2020
Estimated sales price per gram	USD\$ 2.92	USD\$ 3.57
Weighted average stage of growth	8 weeks	9 weeks
Expected yields by plant strain	95 grams	95 grams
Wastage	2.73%	5.00%
Post – harvest cost per gram	USD\$ 0.57	USD\$ 0.57

Biological assets are measured at fair value less costs to sell until harvest. All production costs are capitalized. As at January 31, 2020 the carrying value of biological assets consisted entirely of live cannabis plants. The Company values cannabis plants at cost from the date of initial clipping from mother plants until the end of the sixth week of its growing cycle. Measurement of the biological asset at fair value less costs to sell and costs to complete begins at the seventh week until harvest. On average, the grow cycle is approximately 17 weeks.

The fair value measurements for biological assets have been categorized as Level 3 (as defined in note 14). These estimates are subject to volatility in market prices and several uncontrollable factors, which will be reflected in gain or loss on biological assets in future periods.

Increases in cost required up to the point of harvest, harvesting costs and selling costs will decrease the fair value of biological assets, while increases in sales price and expected yield for the cannabis plant will increase the fair value of biological assets.

7. PREPAID EXPENSES AND DEPOSITS

	January 31, 2021	July 31, 2020
Prepaid expenses	\$ 568,932	\$ 508,618
Security deposit	549,487	446,112
	\$ 1,118,419	\$ 954,730

1933 INDUSTRIES INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2021 and 2020

(Expressed in Canadian dollars, except where noted) - Unaudited

8. PROPERTY AND EQUIPMENT

	Land	Construction in Progress	Leasehold Improvements	Production Equipment	Office Equipment	Right of Use	Total
Cost							
Balance, July 31, 2019	\$ 1,128,961	\$ 2,701,409	\$ 809,108	\$ 4,331,694	\$ 255,675	\$ 12,973,886	\$ 22,200,733
Adoption of IFRS 16	-	-	-	-	-	1,832,615	1,832,615
Additions	-	465,074	79,208	800,494	20,877	-	1,365,653
Disposals	-	-	-	(140,378)	-	-	(140,378)
Foreign exchange gain	21,982	43,763	56,283	237	3,665	281,759	407,689
Balance, July 31, 2020	\$ 1,150,943	\$ 3,210,246	\$ 944,599	\$ 4,992,047	\$ 280,217	\$ 15,088,260	\$ 25,666,312
Additions	-	-	-	15,347	189,356	-	204,703
Foreign exchange	(53,580)	(149,447)	(43,974)	(232,329)	(10,021)	(691,629)	(1,180,980)
Balance, January 31, 2021	\$ 1,097,363	\$ 3,060,799	\$ 900,625	\$ 4,775,065	\$ 459,552	\$ 14,396,631	\$ 24,690,035
Accumulated depreciation							
Balance, July 31, 2019	\$ -	\$ -	\$ 127,879	\$ 500,255	\$ 141,912	\$ 109,894	\$ 879,940
Adoption of IFRS 16	-	-	-	-	-	447,561	447,561
Depreciation	-	-	94,430	334,378	41,123	1,715,709	2,185,640
Disposals	-	-	-	(10,449)	-	-	(10,449)
Foreign exchange gain	-	-	1,123	13,893	380	53,382	68,778
Balance, July 31, 2020	\$ -	\$ -	\$ 223,432	\$ 838,077	\$ 183,415	\$ 2,326,546	\$ 3,571,470
Depreciation	-	-	32,754	424,888	14,315	453,936	925,893
Foreign exchange	-	-	126,675	285,508	(1,957)	(584,152)	(173,926)
Balance, January 31, 2021	\$ -	\$ -	\$ 382,861	\$ 1,548,473	\$ 195,773	\$ 2,196,330	\$ 4,323,437
Carrying amount							
Balance, July 31, 2020	\$ 1,150,943	\$ 3,210,246	\$ 721,167	\$ 4,153,970	\$ 96,802	\$ 12,761,714	\$ 22,094,842
Balance, January 31, 2021	\$ 1,097,363	\$ 3,060,799	\$ 517,764	\$ 3,226,592	\$ 263,779	\$ 12,200,301	\$ 20,366,598

1933 INDUSTRIES INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2021 and 2020

(Expressed in Canadian dollars, except where noted) - Unaudited

9. GOODWILL

	January 31, 2021		July 31, 2020
Balance, beginning of period	\$ 16,700,708	\$	16,381,744
Unrealized foreign exchange (loss) gain	(777,474)		318,964
Balance, end of period	\$ 15,923,234	\$	16,700,708

10. LEASE LIABILITY

	January 31, 2021		July 31, 2020
Balance, beginning of period	\$ 14,821,569	\$	13,077,791
Adoption of IFRS 16	-		1,539,523
Repayment of lease obligation	(660,528)		(1,548,652)
Interest expense	697,295		1,396,525
Unrealized foreign exchange (gain) loss	(688,502)		356,382
Balance, end of period	14,169,834		14,821,569
Less: Non-current portion	13,794,747		14,526,481
Current portion of lease liability	\$ 375,087	\$	295,088

Total expenses relating to short-term leases and low-value leases during the three and six months ended January 31, 2021 totaled \$17,108 and \$20,225, respectively (2020 - \$90,477 and \$161,003, respectively).

11. CONVERTIBLE DEBENTURES

	January 31, 2021		July 31, 2020
Balance, beginning of period	\$ 10,923,172	\$	9,879,125
Modification of convertible debenture	-		1,356,868
Interest expense	443,625		1,234,346
Accretion expense	74,752		1,067,107
Converted to common shares	(2,767,196)		(1,889,323)
Interest paid – cash	-		(622,050)
Interest paid – shares	(235,913)		(102,901)
Balance, end of period	8,438,440		10,923,172
Less: non-current portion	-		10,923,172
Current portion of convertible debentures	\$ 8,438,440	\$	-

\$17,250,000 convertible debenture units

On September 14, 2018, the Company closed a short form prospectus offering of convertible debenture units raising gross proceeds of \$17,250,000. Pursuant to the offering, the Company issued an aggregate of 17,250 debenture units at a price per debenture unit of \$1,000. Each debenture unit consisted of: (i) one 10.0% unsecured convertible debenture of the Company in the principal amount of \$1,000 convertible into common shares at a conversion price of \$0.45 per common share at the option of the holder, with interest payable semi-annually in arrears on June 30 and December 31 of each year and maturing on September 14, 2021; and (ii) 2,222 common share purchase warrants expiring September 14, 2021.

Each warrant will entitle the holder thereof to purchase one common share at an exercise price of \$0.65 per share until September 14, 2021, subject to adjustment in certain events.

The Company paid cash fees of \$1,668,014 in payment of the Agent's commission, corporate finance fees and other expenses of which \$45,000 was paid prior to July 31, 2019 and recorded as a deferred financing cost. In addition, the Agent received options (the "September 2018 Agent's Options") to acquire 3,066,666 units of the Company at an exercise price of \$0.45 per unit. Each unit is comprised of one common share and one common share purchase warrant exercisable at a price of \$0.65 per share subject to the same terms and conditions as the warrants. The fair value of the September 2018 Agent's Options was \$738,547 and was recorded as a transaction cost. The fair value of the September 2018 Agent's Options was determined using the Black-Scholes Valuation Model using the following assumptions: risk free interest rate 1.25%, expected life of 3 years, volatility of 75%.

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11. CONVERTIBLE DEBENTURES (continued)

The Company may force the conversion of the principal amount of the then outstanding convertible debentures at the conversion price on not less than 30 days' notice should the daily volume weighted average trading price of the common shares be greater than \$0.70 for any 10 consecutive trading days.

On June 28, 2020, the Company amended the terms of the convertible debentures. The following were the significant amendments:

- the conversion price applicable to the debentures was amended from \$0.45 per common share to \$0.10 per common share;
- the price at which the Company may require a forced conversion of the debentures is amended from \$0.70 per common share to \$0.15 per common share, with any such conversion to be made at the amended conversion price of \$0.10 per common share;
- the Company is authorized, at its discretion, to pay interest due on the debentures in cash or through the issuance of its common shares, at a price of \$0.10 per common share; and
- payment of interest is amended from being payable semi-annually in arrears on the last day of June and December in each year to being payable at the maturity date of the debentures.

The equity component of the \$17,250,000 convertible debenture was initially determined to be \$2,505,099 net of transaction costs of \$406,151. At June 28, 2020, the remaining equity component of the original convertible debenture was \$1,805,415. The Company determined that the June 28, 2020 modification was a substantial modification as defined by IFRS 9, *Financial Instruments*, and as a result derecognized the debt obligation and equity component (conversion option). The equity component of the remaining principal balance of the convertible debentures of \$12,432,007 was determined to be \$263,220. The Company did not incur any transaction costs associated with the amendment. As a result of the amendment, the Company recognized a gain on debt modification of \$185,327 which is the result of the amendment to the equity component of \$1,542,195 less the amendment to the debt obligation of \$1,356,868.

During the six months ended January 31, 2021, convertible debentures with a principal balance of \$2,813,000 and interest payable of \$235,913 were converted into 30,489,128 common shares of the Company (note 12(c)). The principal and interest balance outstanding as at January 31, 2021 was \$7,705,007 and \$892,308, respectively. The balance per the statement of financial position at January 31, 2021 of \$8,438,439 represents the principal balance, which has been discounted for the equity component. The balance will be increased each period through accretion expense to increase the balance to the principal and interest balance outstanding over the remaining term of the convertible debentures.

12. SHARE CAPITAL AND RESERVES

a) Authorized

Unlimited common shares with no par value and unlimited preferred shares issuable in series. As of January 31, 2021, there were 360,566,714 common shares outstanding (July 31, 2020 – 305,647,546).

b) Escrow shares

The Company does not have any shares subject to escrow restrictions.

c) Issued common shares

The Company had the following common share transactions during the six months ended January 31, 2020:

- On September 4, 2020, pursuant to the closure of its private placement, the Company issued 10,510,040 units at a price of \$0.075 per unit for gross proceeds of \$788,253. Each unit consists of one common share of the Company and one-half share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.125 per unit until September 4, 2022. Share issue costs included cash payment for finders' fees of \$6,037 and the issuance of 40,250 share purchase warrants valued at \$836 using the Black-Scholes option pricing model with the following assumptions: a two-year expected average life, share price of \$0.06; 100% volatility; risk-free interest rate of 0.25%; and an

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12. SHARE CAPITAL AND RESERVES (continued)

expected dividend yield of 0%. Consideration of \$109,106 was recorded to warrant reserve and the residual amount of \$679,147 was recorded to share capital.

- On November 3, 2020, pursuant to the closure of its private placement, the Company issued 13,920,000 units at a price of \$0.066 (US\$0.05) per unit for gross proceeds of \$918,720 (US\$696,000). All proceeds were raised and paid in US dollars. Each unit consists of one common share of the Company and one transferable share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.106 (US\$0.08) per unit for a period of 18 months from the closing date. The units shall be subject to a four month and one day hold period, expiring on March 4, 2021. Consideration of \$385,879 was recorded to warrant reserve and the residual amount of \$532,841 was recorded to share capital.
- The Company issued 30,489,128 common shares pursuant to the conversion of \$2,813,000 of convertible debentures and interest payable on the convertible debentures of \$235,913. In relation to the conversion \$47,766 was reallocated from reserves to share capital and \$2,994,041 was recorded as share capital representing the accreted balance of convertible debentures net of transaction costs.

The Company had the following common share transactions during the year ended July 31, 2020:

- On September 4, 2019, the Company issued 44,444 common shares pursuant to the conversion of \$20,000 of convertible debentures. In relation to the conversion \$2,904 was reallocated from reserves to share capital and \$18,766 was recorded as share capital representing the accreted balance of convertible debentures net of transaction costs.
- On September 19, 2019, the Company issued 291,901 common shares with a fair value of \$106,544 as share-based compensation to the Chairman of the Board.
- On September 19, 2019, the Company issued 175,913 common shares with a fair value of \$64,208 as share-based compensation to the CEO.
- The Company issued 20,169,007 common shares pursuant to the conversion of \$1,914,000 of convertible debentures and interest payable of \$102,901. In relation to the conversion \$40,525 was reallocated from reserves to share capital and \$2,016,901 was recorded as share capital representing the accreted balance of convertible debentures net of transaction costs.
- The Company issued 80,000 common shares upon exercise of stock options at a price of \$0.15 per share for gross proceeds of \$12,000. In relation to the exercise of stock options \$9,616 was reallocated from reserves to share capital.
- The Company issued 3,376,588 common shares upon the exercise of warrants at a price of \$0.35 per share for gross proceeds of \$1,181,806.
- The Company received \$10,000 related to a share issuance during the year ended July 31, 2019. The amount has been allocated to share capital.

d) Reserves

The following is a summary of changes in reserves:

	Stock options	Convertible debentures	Warrants	Total
Balance, July 31, 2019	\$ 3,255,449	\$ 1,808,319	\$ 1,265,555	\$ 6,329,323
Share-based payments	1,782,803	-	-	1,782,803
Warrants issued for services	-	-	136,636	136,636
Convertible debenture modification	-	(1,542,195)	-	(1,542,195)
Reclassified on conversion of convertible debentures	-	(43,429)	-	(43,429)
Reclassified on exercise of stock options and Agents options	(9,616)	-	-	(9,616)
Balance, July 31, 2020	\$ 5,028,636	\$ 222,695	\$ 1,402,191	\$ 6,653,522
Share-based payments	614,629	-	-	614,629
Purchase of non-controlling interest	-	-	182,703	182,703
Warrants issued for share issue costs	-	-	836	836
Warrants issued on private placement	-	-	494,985	494,985
Reclassified on conversion of convertible debentures	-	(47,766)	-	(47,766)
Balance at January 31, 2021	\$ 5,643,265	\$ 174,929	\$ 2,080,715	\$ 7,898,909

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12. SHARE CAPITAL AND RESERVES (continued)

e) Warrants

A summary of share purchase warrant activity is as follows:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance at July 31, 2019	50,287,316	0.62
Issued – services	650,000	0.37
Expired	(1,416,750)	0.35
Exercised	(50,000)	0.35
Balance at July 31, 2020	49,470,566	0.61
Issued - private placement	19,175,020	0.10
Issued - share issue cost	40,250	0.13
Issues - purchase of non-controlling interest	3,700,000	0.08
Expired	(250,000)	0.37
Balance at January 31, 2021	72,135,836	0.46

For warrants issued for services during the year ended July 31, 2020, the Company recorded an expense to professional fees during the three and six months ended January 31, 2021 of \$10,448 and \$22,160, respectively (2020 - \$20,614 and \$41,229, respectively) on the consolidated statement of loss for services received. As at January 31, 2021, the Company recorded a prepaid expense of \$59,094 (July 31, 2020 - \$89,789) with respect to prepaid services.

The following table summarizes share purchase warrants outstanding as at January 31, 2021:

Expiry date	Number of Warrants	Weighted Average Exercise Price (\$)	Weighted Average Remaining Years
March 14, 2021	10,000,000	0.50	0.12
September 14, 2021	39,220,566	0.65	0.62
June 13, 2022	5,255,020	0.13	1.59
September 3, 2022	40,250	0.13	1.59
September 3, 2022	13,920,000	0.11	1.25
May 3, 2022	3,700,000	0.08	3.37
	72,135,836	0.46	0.88

f) Stock options

The Company has adopted a stock option plan (the "Plan") for its directors, officers, employees and consultants to acquire common shares of the Company at a price determined by the fair market value of the shares at the date immediately preceding the date on which the option is granted. The terms and conditions of the stock options are determined by the Board of Directors.

The aggregate number of stock options granted shall not exceed 10% of the issued and outstanding common shares of the Company at the time of shareholder approval of the plan, with no one individual being granted more than 5% of the issued and outstanding common shares. In addition, the exercise price of stock options granted under the plan shall not be lower than the exercise price permitted by the Canadian Securities Exchange ("CSE"), and all stock options granted under the plan will have a maximum term of five years. A summary of stock option activity is as follows:

	Number of Options	Weighted Average Exercise Price (\$)
Balance, July 31, 2019	17,196,666	0.41
Granted	8,050,000	0.35
Exercised	(80,000)	0.15
Cancelled	(7,996,666)	0.36
Balance, July 31, 2020	17,170,000	0.40
Granted	21,250,000	0.075
Cancelled	(17,990,000)	0.24
Balance at January 31, 2021	20,430,000	0.21

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12. SHARE CAPITAL AND RESERVES (continued)

The following table summarizes stock options outstanding and exercisable as at January 31, 2021:

Expiry date	Number of Options	Number of Exercisable Options	Weighted Average Exercise Price (\$)	Weighted Average Remaining Years
May 31, 2021	500,000	500,000	0.50	0.33
October 5, 2021	1,790,000	1,790,000	0.55	0.68
June 13, 2022	240,000	240,000	0.15	1.37
August 15, 2022	2,000,000	1,333,333	0.35	1.54
January 19, 2023	250,000	166,667	0.35	1.97
February 15, 2023	1,300,000	1,300,000	0.65	2.04
May 2, 2024	100,000	100,000	0.55	3.25
August 6, 2025	2,200,000	-	0.075	4.52
November 8, 2025	12,050,000	4,016,666	0.10	4.77
	20,430,000	9,446,666	0.21	3.70

Share-based compensation expense recognized during the three and six months ended January 31, 2021 of \$360,947 and \$614,629, respectively (2020 - \$230,042 and \$784,636, respectively) related to options granted and vested during the period. The Company granted 9,200,000 and 21,250,000 stock options during the three and six months ended January 31, 2021, respectively (2020 - nil and 6,800,000, respectively). The fair value of stock options was calculated using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

	2021	2020
Risk-free interest rate	0.38%	1.39%
Expected life of options	5 years	3 years
Annualized volatility	100%	100%
Dividend rate	0%	0%
Weighted average fair value per option	\$0.05	\$0.16

g) Agent Options

A summary of Agent Option activity is as follows:

	Number of Options	Weighted Average Exercise Price (\$)
Balance, July 31, 2019	2,198,112	0.45
Expired	(7,000)	0.25
Balance, July 31, 2020 and January 31, 2021	2,191,112	0.45

The following table summarizes Agent Options outstanding and exercisable as at January 31, 2020:

Expiry date	Number of Options	Number of Exercisable Options	Weighted Average Exercise Price (\$)	Weighted Average Remaining Years
September 14, 2021 ⁽¹⁾	2,191,112	2,191,112	0.45	0.62
	2,191,112	2,191,112	0.45	0.62

⁽¹⁾ Each Agent Option entitles the holder to acquire one unit. Each unit is comprised of one common share and one share purchase warrant exercisable at \$0.65 until September 14, 2021.

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13. NON-CONTROLLING INTEREST

On November 4, 2020, the Company acquired the remaining 9% interest in AMA Pro from the holders to make the Company's share in AMA Pro 100% through the issuance of 3,700,000 share purchase warrants (note 12(e)). The share purchase warrants were valued at \$182,703 using the Black-Scholes option pricing model with the following assumptions: a 3.59 year expected average life, share price of \$0.075; 100% volatility; risk-free interest rate of 0.25%; and an expected dividend yield of 0%.

The carrying value of non-controlling interest on November 4, 2020 was \$1,054,577. The excess of consideration above the value of consideration of \$1,237,280 was recorded as a direct charge to deficit.

The following table presents summarized financial information for the non-wholly owned subsidiaries as at January 31, 2021 and July 31, 2020 and for the six months ended January 31, 2021 and 2020:

	January 31, 2021	July 31, 2020
Assets		
Current	\$ -	\$ 3,597,027
Non-current	-	21,110,905
		24,707,932
Liabilities		
Current	-	707,797
Non-current	-	13,801,919
	-	14,509,716
Net assets	-	10,198,216
Non-controlling interest	\$ -	\$ (910,138)
	2021	2020
Revenues	\$ 4,300,840	\$ 6,225,206
Net loss	\$ (1,235,670)	\$ (6,266,100)

14. FINANCIAL RISK MANAGEMENT

Fair value of financial assets and liabilities

IFRS 13 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities,
- Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly (i.e.: as prices) or indirectly (i.e.: derived from prices); and
- Level 3: Inputs that are not based on observable market data.

The fair value of cash is measured using Level 1 inputs. The carrying values of receivables and accounts payable and accrued liabilities approximate their respective fair values due to the short-term nature of these instruments. The fair value of convertible debentures approximates fair value as it is discounted using a market rate of interest.

15. CAPITAL RISK MANAGEMENT

The Company defines capital and reserves as equity. The Company manages its capital structure and makes adjustments in order to have the funds available to support its operating activities.

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15. CAPITAL RISK MANAGEMENT (continued)

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the development of its business. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new equity instruments, new debt, or acquire and/or dispose of assets. The Company's ability to continue as a going concern is uncertain and dependent upon the continued financial support of its shareholders, future profitable operations, the lack of adverse political developments in the United States with respect to cannabis legislation and securing additional financing.

Management reviews its capital management approach on an ongoing basis. There were no changes in the Company's approach to capital management during the periods presented. The Company is not subject to externally imposed capital requirement.

16. RELATED PARTY TRANSACTIONS

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

Key management personnel compensation for the three and six months ended January 31, 2021 and 2020, was as follows:

	Three months ended		Six months ended	
	2021	2020	2021	2020
Management and consulting fees	\$ 51,900	\$ 353,999	\$ 136,200	\$ 578,916
Directors' fees	37,788	27,000	92,018	50,000
Shares issued for compensation	-	-	-	170,752
Share-based payments	310,454	148,909	506,257	606,757
	\$ 400,142	\$ 529,908	\$ 734,475	\$ 1,406,425

Other related party transactions for the three and six months ended January 31, 2021 and 2020, were as follows:

	Three months ended		Six months ended	
	2021	2020	2021	2020
Legal fees	\$ (112)	\$ 5,451	\$ 2,232	\$ 12,975
Rent	-	15,000	-	32,921
Wages and benefits	63,104	115,245	199,899	279,956
	\$ 62,992	\$ 135,696	\$ 202,131	\$ 325,852

17. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash transactions for the six months ended January 31, 2021 were as follows:

- Convertible debentures of \$2,813,000 and interest payable on the convertible debentures of \$235,913 were converted into 30,489,128 common shares of the Company (notes 11 and 12(c)). In relation to the conversion \$2,994,041 was recorded to share capital and \$47,766 was reallocated from reserves to share capital.
- Share issue costs included \$836 with respect to 40,250 warrants issued as finders fees (note 12(c)).
- The Company made cash interest payments of \$nil. No income taxes were paid.

The significant non-cash transactions for the three months ended January 31, 2020 were as follows:

- Convertible debentures with a face value of \$20,000 and carrying value of \$15,862 were converted into 44,444 common shares of the Company (notes 11 and 12(c)). In relation to the conversion \$18,766 was recorded to share capital and \$2,904 was reallocated from reserves to share capital.
- Reallocated \$9,616 from reserves to share capital upon exercise of stock options (notes 12(d) and 12(f)).
- Issuance of 650,000 share purchase warrants for professional services with a fair value of \$240,500 (note 12(d)).
- The Company made cash interest payments of \$622,050 in relation to the convertible debentures. No income taxes were paid.

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18. SEGMENTED INFORMATION

The Company operates in three segments, referred to as AMA, Infused MFG, and Corporate. AMA is focused on the cultivation and sale of medical and adult use cannabis products, and Infused MFG is focused on the manufacturing of Hemp derived CBD products. The corporate head office is located in Canada while the operations of AMA and Infused MFG are located in the United States. Segmented information for the three and six months ended January 31, 2021 is as follows:

Six months ended January 31, 2021				
	AMA	Infused MFG	Corporate	Total
Revenue	\$ 4,300,840	\$ 1,793,502	\$ -	\$ 6,094,342
Cost of Sales				
Inventory expensed to cost of sales	2,836,957	853,541	-	3,690,498
Gross margin, excluding fair value items	1,463,883	939,961	-	2,403,844
Fair value adjustment on sale of inventory	(805,801)	-	-	(805,801)
Fair value adjustment on growth of biological assets	825,651	-	-	825,651
Gross margin	1,483,733	939,961	-	2,423,694
Expenses				
General and administration	1,207,860	308,847	646,014	2,162,721
Management and consulting fees	-	-	194,647	194,647
Wages and benefits	-	135,037	923,353	1,058,390
Professional fees	94,407	57,557	379,096	531,060
Share-based compensation	-	-	614,629	614,629
Interest expense	646,030	38,118	456,772	1,140,920
Accretion expense	-	-	74,752	74,752
Depreciation	714,538	109,699	101,656	925,893
Foreign exchange gain	-	-	(54,171)	(54,171)
	2,662,835	649,258	3,336,748	6,648,841
(Loss) income from continuing operations before income tax	\$ (1,1179,102)	\$ 290,703	\$ (3,336,748)	\$ (4,225,147)
As at January 31, 2021				
Property and equipment	\$ 14,977,800	\$ 2,384,121	\$ 3,004,677	\$ 20,366,598
Goodwill	4,465,397	11,457,837	-	15,923,234
Total assets	24,191,315	15,493,682	3,815,427	43,500,424
Total liabilities	\$ 14,122,618	\$ 989,434	\$ 9,544,950	\$ 24,656,642

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18. SEGMENTED INFORMATION (continued)

Three months ended January 31, 2021				
	AMA	Infused MFG	Corporate	Total
Revenue	\$ 2,664,797	\$ 742,029	\$ -	\$ 3,406,826
Cost of Sales				
Inventory expensed to cost of sales	1,477,691	366,996	-	1,844,687
Gross margin, excluding fair value items	1,187,106	375,033	-	1,562,139
Fair value adjustment on sale of inventory	(138,862)	-	-	(138,862)
Fair value adjustment on growth of biological assets	271,717	-	-	271,717
Gross margin	1,319,961	375,033	-	1,694,994
Expenses				
General and administration	664,518	144,633	125,003	934,154
Management and consulting fees	-	-	115,142	115,142
Wages and benefits	-	69,547	422,704	492,251
Professional fees	46,429	8,364	265,225	320,018
Share-based compensation	-	-	360,947	360,947
Interest expense	317,568	18,579	97,228	433,375
Accretion expense	-	-	34,630	34,630
Depreciation	358,227	54,103	50,137	462,467
Foreign exchange	-	-	(48,830)	(48,830)
	1,386,742	295,226	1,422,186	3,104,154
(Loss) Income from continuing operations before income tax	\$ (66,781)	\$ 79,807	\$ (1,422,186)	\$ (1,409,160)

19. GENERAL AND ADMINISTRATION EXPENSE

General and administration expense information for the three and six months ended January 31, 2021 and 2020 is as follows:

	Three months ended		Six months ended	
	2021	2020	2021	2020
Advertising, promotion and selling costs	\$ 145,458	\$ 555,246	\$ 255,371	\$ 1,129,844
Investor relations	56,876	418,754	147,898	994,408
Office expenses and general administration	104,959	669,936	597,326	1,406,614
License fees, taxes, and insurance	620,061	407,000	1,139,726	768,497
Travel and entertainment	6,800	90,833	22,400	179,625
	\$ 934,154	\$ 2,141,769	\$ 2,162,721	\$ 4,478,988

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20. DISCONTINUED OPERATIONS

On August 15, 2019, the Company, through its wholly-owned subsidiary Legacy, signed a management services agreement to provide operational and accounting services, as well as general management and oversight to Green Spectrum LLC ("Green Spectrum"), a medicinal and recreational cannabis business licensee in the State of California in order to develop the Company's brands within the California market. The operation was discontinued during the year ended July 31, 2020 and as a result Legacy will have no continuing involvement with Green Spectrum LLC. The discontinued operations for the three and six months ended January 31, 2021 relate to Legacy expenses. The components of net loss from discontinued operations included in these consolidated financial statements for the years ended January 31, 2021 and 2020 relating to Legacy are as follows:

	Three months ended		Six months ended	
	2021	2020	2021	2020
Management and consulting fees	\$ (89)	\$ 7,673	\$ 2,291	\$ 7,673
General and administration	(8)	7,753	202	7,753
	\$ (97)	\$ 15,427	\$ 2,493	\$ 15,427

21. EVENTS AFTER THE REPORTING PERIOD

On March 4, 2021, the Company closed a bought deal private placement of units for aggregate gross proceeds of \$4,955,052 (the "Offering"). Pursuant to the Offering, the Company sold a total of 45,045,929 units at a price of \$0.11 per unit. Each unit is comprised of one common share of the Company and one common share purchase warrant. Each common share purchase warrant will be exercisable to acquire one common share of the Company at an exercise price of \$0.16 per common share of the Company until March 4, 2023, subject to a warrant acceleration right exercisable by the Company if, at any time following the date that is four months and one day from the closing date of the Offering, the daily volume weighted average trading price of the Common Shares on the CSE is greater than \$0.30 for the preceding 10 consecutive trading days and shall be exercised by notice in writing to the holders of common share purchase warrants and the underwriter. Pursuant to Canadian securities laws, all securities in respect of the Offering will be subject to a four month and one day hold period expiring on July 5, 2021.

In connection with the Offering, the Company issued 2,638,869 broker warrants and 514,346 advisory warrants (the "Compensation Warrants"). Each Compensation Warrant entitles the holder to purchase one additional Unit of the Company (each a "Compensation Unit") at a price of \$0.11 per Compensation Unit until March 4, 2023. The Compensation Units have the same terms as the Units sold pursuant to the Offering.

On March 14, 2021, 10,000,000 share purchase warrants expired.

The Company issued 48,913,159 common shares pursuant to the conversion of \$4,395,000 of its convertible debentures and \$496,317 in accrued interest. There is an aggregate of \$3,876,000 principal balance of convertible debentures outstanding as of March 30, 2021.