

WEEKEND UNLIMITED INDUSTRIES INC.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

For the three-month period ended December 31, 2020

(Expressed in United States Dollars)

NOTICE TO READER

The unaudited consolidated interim financial statements of Weekend Unlimited Industries Inc. (the "Company") have not been reviewed by the auditors of the Company. This notice is being provided in accordance with Section 4.3 (3) (a) of National Instrument 51-102 - Continuous Disclosure Obligations.

WEEKEND UNLIMITED INDUSTRIES INC.
INTERIM CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(Expressed in United States Dollars)

AS AT	Note	December 31, 2020	September 30, 2020
ASSETS			
Current			
Cash		\$ 465,932	\$ 638,982
Inventory	4	36,785	53,232
Receivables		11,263	6,469
Loans receivable	6	190,317	230,129
Prepaid expenses and deposits		5,696	5,428
Assets held for disposition	9	70,803	-
		780,796	934,240
Non-Current			
Property and equipment	7	-	148,066
Right of use asset	7	51,756	57,863
Total assets		\$ 832,552	\$ 1,140,169
LIABILITIES AND EQUITY			
Current			
Accounts payable and accrued liabilities		\$ 41,892	\$ 6,010
Lease liability	7	17,265	18,982
		59,157	24,992
Non-Current			
Lease liability	7	38,846	42,709
Total Liabilities		98,003	67,701
Equity			
Share capital	10	44,072,332	44,072,332
Reserves	10	7,293,608	7,278,107
Deficit		(50,526,142)	(50,172,722)
Total equity attributable to shareholders of the Company		839,798	1,177,717
Non-controlling interest		(105,249)	(105,249)
Total equity		734,549	1,072,468
Total liabilities and equity		\$ 832,552	\$ 1,140,169

Nature and continuance of operations (Note 1)

Subsequent events (Note 17)

Approved on behalf of the Board of Directors and authorized for issuance on February 26, 2021:

“Signed”

Charlie Lamb, Director

“Signed”

Brian Keane, Director

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

WEEKEND UNLIMITED INDUSTRIES INC.**INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS (UNAUDITED)**

(Expressed in United States Dollars)

Three month period ended:	<i>Note</i>	December 31 2020	December 31, 2019
Revenue		\$ 28,206	\$ 5,707
Cost of goods sold		20,744	2,850
Gross margin		7,462	2,857
Expenses			
General and administrative	14	166,855	286,231
Professional fees		58,265	88,654
Share-based compensation	10	-	35,466
Northern Lights Organics milestone payment	8	-	26,341
Depreciation	7	6,107	3,339
Total expenses		231,227	440,031
Loss before other items		(223,765)	(437,174)
Impairment - loan receivable	6	(45,000)	-
Impairment - assets held for sale	9	(82,517)	-
Interest and other		(2,138)	15,000
Loss from continuing operations		(353,420)	(422,174)
Net loss from discontinued operations	9	-	(84,605)
Net loss for the period		(353,420)	(506,779)
Other comprehensive loss			
Translation adjustment		15,501	14,683
Comprehensive loss for the period		\$ (337,919)	\$ (492,096)
Comprehensive loss attributable to:			
Net loss - shareholders of the Company		(353,420)	(492,296)
Net loss - non-controlling interest		-	(14,483)
Translation adjustment		15,501	14,683
		\$ (337,919)	\$ (492,096)
Loss per share			
Basic and diluted - continuing operations		\$ (0.03)	\$ (0.10)
Basic and diluted - discontinued operations		\$ -	\$ (0.02)
Total		\$ (0.03)	\$ (0.12)
Weighted average number of common shares			
Basic and diluted		11,259,921	4,418,557

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

WEEKEND UNLIMITED INDUSTRIES INC.**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)**

(Expressed in United States Dollars)

	Number of common shares	Share Capital	Reserves	Translation adjustment reserve	Non-controlling interest	Deficit	Total equity
Balance, September 30, 2019	8,821,105	\$ 44,723,002	\$ 7,096,507	\$ (182,040)	\$ (48,931)	\$ (48,681,062)	\$ 2,907,476
Common shares issued upon exercise of warrants	9,000	17,030	-	-	-	-	17,030
Shares issued under NLO agreement	20,000	26,341	-	-	-	-	26,341
Share-based compensation	-	-	35,467	-	-	-	35,467
Translation adjustment	-	-	-	14,682	-	-	14,682
Net loss for the period	-	-	-	-	(14,483)	(492,296)	(506,779)
Balance, December 31, 2019	8,850,105	\$ 44,766,373	\$ 7,131,974	\$ (167,358)	\$ (63,414)	\$ (49,173,358)	\$ 2,494,217
Balance, September 30, 2020	11,259,921	\$ 44,072,332	\$ 7,479,220	\$ (201,113)	\$ (105,249)	\$ (50,172,722)	\$ 1,072,468
Translation adjustment	-	-	-	15,501	-	-	15,501
Net loss for the period	-	-	-	-	-	(353,420)	(353,420)
Balance, December 31, 2020	11,259,921	\$ 44,072,332	\$ 7,479,220	\$ (185,612)	\$ (105,249)	\$ (50,526,142)	\$ 734,549

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

WEEKEND UNLIMITED INDUSTRIES INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(Expressed in United States Dollars)

Three month period ended:	December 31,	December 31,
	2020	2019
Operating activities		
Net loss for the period	\$ (353,420)	\$ (506,779)
Adjusted for:		
Depreciation	6,107	25,309
Share-based compensation	-	35,466
Northern Lights Organics milestone payment	-	26,341
Impairment of loan receivable	45,000	-
Impairment of asset held for sale	82,517	-
Changes in non-cash working capital:		
Receivables	(4,794)	29,304
Prepaid expenses	(268)	5,628
Accounts payable and accrued liabilities	46,761	(52,041)
Inventory	16,447	(52,381)
Cash flows from operating activities	(161,650)	(489,153)
Investing activities		
Property and equipment	-	(265,731)
Loans receivable - repaid	-	407,790
Loans receivable	-	(25,000)
Cash flows from investing activities	-	117,059
Financing activities		
Common shares issued upon exercise of warrants	-	17,030
Lease repayments	(5,580)	-
Cash flows from financing activities	-	17,030
Effect of exchange rate changes on cash	(5,820)	10,639
Decrease in cash	(173,050)	(344,425)
Cash, beginning of period	638,982	822,945
Cash, end of period	\$ 465,932	\$ 478,520
Supplemental cash flow information		
Shares issued under NLO agreement	\$ -	\$ 26,341
Assets held for sale	\$ 148,066	\$ -

No cash was paid for interest or income taxes for the periods presented.
Supplemental cash flow disclosure (Note 16).

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

WEEKEND UNLIMITED INDUSTRIES INC.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

DECEMBER 31, 2020

(Expressed in United States Dollars unless otherwise noted)

1. NATURE AND CONTINUANCE OF OPERATIONS

Weekend Unlimited Industries Inc. (the “Company”, Formerly Weekend Unlimited Inc.) was incorporated pursuant to the provisions of the *British Columbia Business Corporations Act* on September 21, 2017. In October 2018 the Company completed a transaction with Open Source Health Inc. (“Open Source” or “OSH”) whereby OSH acquired all of the issued and outstanding shares of the Company on a one-for-one basis. The Company is considered to have acquired OSH for accounting purposes with the agreement being accounted for as a reverse takeover (“RTO”) of OSH by Weekend Unlimited Industries Inc. shareholders (Note 11). The combined entity continued into Alberta and continued operating under the name Weekend Unlimited Inc. On January 20, 2020 the Company continued into British Columbia and changed its name from Weekend Unlimited Inc. to Weekend Unlimited Industries Inc. The Company’s registered and records office address is 1066 West Hastings Street, Vancouver BC V6E 3X1.

The Company is a provider of branded packaging in the regulated cannabis industry. The Company’s focus is on building and facilitating the growth of a diversified portfolio of branded consumer products.

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. The Company’s ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, obtain the necessary financing to meet its near-term obligations such that it can repay its liabilities when they become due. The inability to achieve these objectives may cast significant doubt about the Company’s ability to continue as a going concern.

The Company is subject to regulation under the federal and provincial laws of Canada and certain civic and state laws in the United States of America. Almost half of the states in the United States have enacted legislation to regulate the sale and use of medical cannabis without limits on tetrahydrocannabinol (“THC”), while other states have regulated the sale and use of medical cannabis with strict limits on the levels of THC. Notwithstanding the permissive regulatory environment of adult-use recreational and medical cannabis at the state level, cannabis continues to be categorized as a controlled substance under the Controlled Substances Act (the “CSA”) in the United States and as such, cannabis-related practices or activities, including without limitation, the manufacture, importation, possession, use or distribution of cannabis are illegal under United States federal law. Strict compliance with state laws with respect to cannabis will neither absolve the Company of liability under United States federal law, nor provide a defense to any federal proceeding which may be brought against the Company. Any such proceedings brought against the Company may adversely affect the Company’s operations and financial performance.

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Company’s environment and in the global markets, possible disruption in supply chains, 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) could have a material impact on the Company’s operations. The extent of the impact of this outbreak and related containment measures on the Company’s operations cannot be reliably estimated.

WEEKEND UNLIMITED INDUSTRIES INC.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

DECEMBER 31, 2020

(Expressed in United States Dollars unless otherwise noted)

2. BASIS OF PRESENTATION**Statement of compliance**

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) in accordance with International Accounting Standards 34, “*Interim Financial Reporting*” (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”), and interpretations of the IFRS Interpretations Committee (“IFRIC”).

Basis of measurement

These interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Presentation and functional currency

These interim consolidated financial statements of the Company are presented in United States dollars and are prepared in accordance with the same accounting policies, critical estimates and methods described in the Company’s annual consolidated financial statements, except for the adoption of new accounting standards identified in Note 3 & 4. Given that certain information and disclosures, which are included in the annual audited consolidated financial statements, have been condensed or excluded in accordance with IAS 34, these financial statements should be read in conjunction with our annual audited consolidated financial statements as at and for the year ended September 30, 2020, including the accompanying notes thereto.

Consolidation

These interim consolidated financial statements include the accounts of the Company and its subsidiaries, which are controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The list below sets out the principal subsidiaries of the Company. These subsidiaries engage in intercompany transactions, all of which are eliminated upon the preparation of these interim consolidated financial statements:

Name of subsidiary	Abbreviation	Country of Incorporation	Percentage Ownership	Functional Currency	Principal Activity
Weekend Unlimited Holdings Inc.	Weekend Holdings	USA	100%	CAD	Holding Company
Weekend Unlimited Washington, LLC	Weekend Washington	USA	100%	CAD	Branding services
Wknd Shop, LLC (Formerly S&K Industries LLC)	Wknd Shop	USA	100%	CAD	Hemp products
Elevation Growers Ltd. (Formerly Cannabis Brands Inc.)	EG	CAN	100%	CAD	Holding Company
Northern Lights Organics Inc.	NLO	CAN	70%	CAD	Hemp Cultivation

WEEKEND UNLIMITED INDUSTRIES INC.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

DECEMBER 31, 2020

(Expressed in United States Dollars unless otherwise noted)

3. USE OF ESTIMATES, ASSUMPTIONS, AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires the use of judgments and/or estimates that affect the amounts reported and disclosed in the interim consolidated financial statements and related notes. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances, having given regard to previous experience, but actual results may differ materially from the amounts included in the financial statements. The critical estimates and judgments applied in the preparation of the unaudited interim consolidated financial statements for the three month period ended December 31, 2020 are consistent with those applied and disclosed in Note 3 & 4 to the Company's audited consolidated financial statements for the year ended September 30, 2020.

4. SIGNIFICANT ACCOUNTING POLICIES

Inventory

Inventories of finished goods and packing materials are valued initially at cost and subsequently at the lower of cost and net realizable value. Inventory consists of infused products, accessories, and product packaging. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the weighted average cost basis. Products for resale and supplies and consumables are valued at the lower of cost and net realizable value. The Company reviews inventory for obsolete and slow-moving goods and any such inventory is written-down to net realizable value. During the period the Company expensed \$20,744 of inventory to cost of goods sold (December 30, 2019 - \$3,590).

Revenue

The Company's accounting policy for revenue recognition under IFRS 15 is as follows:

To determine the amount and timing of revenue to be recognized, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied.

Revenue from the direct sale of branded products and branded packaging for a fixed price is recognized when the Company transfers control of the good to the customer upon delivery.

WEEKEND UNLIMITED INDUSTRIES INC.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

DECEMBER 31, 2020

(Expressed in United States Dollars unless otherwise noted)

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

To identify a lease, the Company (1) considers whether an explicit or implicit asset is specified in the contract and (2) determines whether the Company obtains substantially all the economic benefits from the use of the underlying asset by assessing numerous factors, including but not limited to substitution rights and the right to determine how and for what purpose the asset is used.

When assessing the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or to not exercise a termination option. This judgment is based on factors such as contract rates compared to market rates, economic reasons, significance of leasehold improvements, termination and relocation costs, installation of specialized assets, residual value guarantees, and any sublease term.

The Company has elected not to recognize right-of-use assets and lease liabilities for low-value assets or short-term leases with a term of 12 months or less. These lease payments are recognized in operating expenses over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid. The Company elected to not separate non-lease components from lease components and to account for the non-lease and lease components as a single lease component. Lease payments generally include fixed payments less any lease incentives receivable. The lease liability is discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company estimates the incremental borrowing rate based on the lease term, collateral assumptions, and the economic environment in which the lease is denominated. The lease liability is subsequently measured at amortized cost using the effective interest method. The lease liability is remeasured when the expected lease payments change as a result of new assessments of contractual options and residual value guarantees.

The right-of-use asset is recognized at the present value of the liability at the commencement date of the lease less any incentives received from the lessor. Added to the right-of-use asset are initial direct costs, payments made before the commencement date, and estimated restoration costs. The right-of-use asset is subsequently depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Upon adoption of IFRS 16 the Company recorded a right of use asset of \$81,531 and a lease liability of a corresponding amount. The right of use asset was measured at the present value of the remaining lease payments, discounted using the Company's weighted average incremental borrowing rate of 15%.

5. RECENT ACCOUNTING PRONOUNCEMENTS

Recent accounting policies

The Company has not yet adopted certain standards, interpretations to existing standards and amendments which have been issued but have an effective date later than July 1, 2020. Many of these updates are not currently relevant to the Company and are therefore not discussed herein.

WEEKEND UNLIMITED INDUSTRIES INC.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

DECEMBER 31, 2020

(Expressed in United States Dollars unless otherwise noted)

6. LOANS RECEIVABLE

A summary of the Company's loans receivable is as follows:

	World High Life Plc	Orchard Bloom LLC	Ruby Mae's LLC	MDFD Holdings LLC	Northern Lights Supply Inc.	Total
Balance, September 30, 2019	-	500,000	-	-	490,815	990,815
Loans granted	105,129	-	25,000	100,000	-	230,129
Loans repaid	-	(278,565)	-	-	(384,015)	(662,580)
Impairment	-	(221,435)	-	-	(93,863)	(315,298)
Foreign exchange variance	-	-	-	-	(12,937)	(12,937)
Balance, September 30, 2020	\$ 105,129	\$ -	\$ 25,000	\$ 100,000	\$ -	\$ 230,129
Impairment	-	-	-	(45,000)	-	(45,000)
Foreign exchange variance	5,188	-	-	-	-	5,188
Balance, December 31, 2020	\$ 110,317	-	\$ 25,000	\$ 55,000	\$ -	\$ 190,317

World High Life Plc

In February 2020, the Company advanced World High Life Plc ("WHL") an unsecured demand loan of \$105,129 (CAD \$140,000) bearing interest of 5%. The loan matured November 1, 2020. WHL is considered a related party due to a common CFO and directors of each Company. On November 1, 2020 the Company amended the maturity date to May 1, 2021.

Orchard Bloom LLC

During the year ended September 30, 2018 the Company advanced funds totaling \$500,000 to a Washington State Cannabis Cultivator and Processor, an unrelated third party. The advanced funds are unsecured, accrue interest at 5% and have a maturity date of October 2023. In October 2018 the Company formalized the advance by entering a promissory note for a principal sum of up to \$600,000.

The principal balance shall accrue interest at an annual rate of 5% per year. The note is to be repaid in the form of sixty equal monthly payments commencing from the date funds are released from escrow. In the event of late payment, the borrower shall have 30 days to cure any late payment after which time interest of 15% per annum will accrue until such late payments are cured and all accrued interest has been paid. The Company received an immediate payment of \$278,565 upon entering a settlement agreement with the lender and impaired the remaining loan balance of \$221,435.

Ruby Mae's LLC

During the year ended September 30, 2019, the Company received a non-interest bearing secured note in the amount of \$25,000 from Ruby Mae's LLC. The maturity date of the note was February 28, 2020. The maturity date was extended to March 30, 2021.

WEEKEND UNLIMITED INDUSTRIES INC.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

DECEMBER 31, 2020

(Expressed in United States Dollars unless otherwise noted)

6. LOANS RECEIVABLE (Continued)

MDFD Holdings LLC

In relation to the sale of equipment and inventory at the Company's former facility in Wenatchee Washington the Company received a promissory note of \$100,000 (Note 13). Under the note monthly payments to the Company are to commence January 3, 2021 of \$6,666 per month until the balance is repaid. The note bears interest of 5%. Subsequent to December 31, 2020 the Company accepted \$55,000 as final payment of the outstanding balance (Note 17).

Northern Lights Supply Inc.

In November 2018, the Company entered into a secured 6% loan facility for up to CAD \$1,200,000, of which the Company has initially advanced CAD \$500,000. The borrower is an Alberta based cannabis retailer. During the year ended September 30, 2019 the Company advanced an additional CAD \$250,000.

During the period ended December 31, 2019 the Company entered an amending agreement with Northern Lights Supply Inc. for early repayment of its loan, whereby the parties agreed to reduce the loan balance to CAD \$650,000, following interest payments received of \$33,750, and amended the repayment terms as follows:

- a payment of CAD \$ 275,000 upon execution of the amending agreement
- 6 semi-annual payments of CAD \$50,000 over three years
- One final payment of CAD \$75,000
- Elimination of the conversion option

The Company recognized an impairment charge of \$75,510 in relation to the reduced loan balance as at September 30, 2019.

During the year ended September 30, 2020 the Company agreed to accept a final CAD \$200,000 immediately as full settlement of the outstanding balance. Accordingly, the Company recorded an impairment of \$93,863.

WEEKEND UNLIMITED INDUSTRIES INC.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

DECEMBER 31, 2020

(Expressed in United States Dollars unless otherwise noted)

7. PROPERTY AND EQUIPMENT

	Land	Building	Equipment	Total
Cost				
Balance September 30, 2019	\$ -	\$ -	\$ 212,638	\$ 212,638
Additions	456,439	-	20,806	477,245
Transfer to assets held for sale	-	-	(183,928)	(183,928)
Impairment	(309,573)	-	(48,191)	(357,764)
Foreign exchange	1,200	-	(1,325)	(125)
Balance September 30, 2020	\$ 148,066	\$ -	\$ -	\$ 148,066
Transfer to assets held for sale	(148,066)	-	-	(148,066)
Balance, December 31, 2020	\$ -	\$ -	\$ -	\$ -
Accumulated depreciation				
Balance September 30, 2019	\$ -	\$ -	\$ 45,234	\$ 45,234
Additions	-	-	3,339	3,339
Transfer to assets held for sale	-	-	(38,917)	(38,917)
Foreign exchange	-	-	(9,656)	(9,656)
Balance September 30, 2020	\$ -	\$ -	\$ -	\$ -
Balance, December 31, 2020	\$ -	\$ -	\$ -	\$ -
Net book value				
September 30, 2020	\$ 148,066	\$ -	\$ -	\$ 148,066
December 31, 2020	\$ -	\$ -	\$ -	\$ -

Equipment transferred to assets held for sale was impaired by \$82,517 (Note 9).

WEEKEND UNLIMITED INDUSTRIES INC.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

DECEMBER 31, 2020

(Expressed in United States Dollars unless otherwise noted)

7. PROPERTY AND EQUIPMENT (Continued)

A continuity of the right of use asset and lease liability is as follows:

Right of use asset recognized on adoption of IFRS 16	\$	81,531
Depreciation of right of use asset		(23,668)
Balance - September 30, 2020	\$	57,863
Depreciation of right of use asset		(6,107)
Balance - December 31, 2020	\$	51,756

Lease liability recognized on adoption of IFRS 16	\$	81,531
Lease payments		(29,911)
Interest		10,071
Balance - September 30, 2020	\$	61,691
Lease payments		(7,718)
Interest		2,138
Balance - December 31, 2020	\$	56,111

Current portion	\$	17,265
Long term		38,846
Total	\$	56,111

The Company recorded interest expense of \$2,138 in relation to the lease liability during the year. The lease expires in February 2023. The monthly rent expense is \$4,685. The effective date of the lease was February 1, 2018.

WEEKEND UNLIMITED INDUSTRIES INC.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

DECEMBER 31, 2020

(Expressed in United States Dollars unless otherwise noted)

8. ACQUISITION OF NORTHERN LIGHTS ORGANICS INC.

During the year ended September 30, 2018, the Company signed an agreement to purchase all of the shares of Northern Lights Organics Ltd. ("NLO") and was granted an option to acquire an organic farm in northern BC. As consideration for the shares of NLO the Company agreed to:

- Fund an ACMPR application;
- Upon closing, pay CAD \$25,000 in cash and issue 20,000 common shares of the Company. The shares were issued during the period ended December 31, 2018 and had a fair value of \$144,951 (Note 17);
- Upon receipt of a license to cultivate and sell hemp and/or cannabis, issue common shares with a value equal to CAD \$1,000,000;
- Upon harvest of the first outdoor hemp and/or cannabis crop, pay CAD \$25,000 in cash; and
- Upon completion of an expansion facility of at least 100,000 square feet, issue common shares with a value equal to CAD \$500,000.

If exercised, the option price to acquire the agricultural property was as follows:

- CAD \$1,150,000 if exercised during the period ending February 2019
- CAD \$1,250,000 if exercised during the period ending February 2020
- CAD \$1,350,000 if exercised during the period ending February 2021

During the year ended September 30, 2018 the Company notified NLO that it would not pursue the purchase option in its current form.

During the year ended September 30, 2019 the Company entered a new share purchase agreement with NLO which replaced and superseded any prior agreements between the parties. The terms of the new share purchase agreement are as follows:

- Divested 30% of the equity ownership to one of the original vendors
- Advanced CAD \$150,000 to NLO on closing of the modified share purchase agreement to be used towards development of the project
- Agreed to fund an additional CAD \$150,000 in July 2019 upon achievement of certain milestones
- Agreed to fund an additional CAD \$340,000 in February 2020 upon achievement of certain milestones
- Issue 40,000 common shares upon the achievement of certain milestones
- Issue CAD \$1,000,000 in common shares upon the achievement of certain milestones
- Agreed to purchase a 50% interest in the organic farm for CAD \$600,000 (Paid).

As at September 30, 2019 \$226,530 had been paid with the remaining amount paid during the year ended September 30, 2020 and recorded as land (Note 7). As at September 30, 2020 the Company determined that it was appropriate to impair the value of the land to the assessed value of \$148,066 as this was the most probable recoverable amount given the decline in prices of hemp biomass.

During the year ended September 30, 2020 the Company issued 20,000 common shares with a fair value of \$26,341 in relation to the transaction to acquire a 70% interest in Northern Lights Organics Ltd.

WEEKEND UNLIMITED INDUSTRIES INC.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

DECEMBER 31, 2020

(Expressed in United States Dollars unless otherwise noted)

9. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

The following table summarizes the results from discontinued operations for the three month period ended December 31, 2019:

	Wknd Shop LLC	Norther Lights	Total
Revenue	\$ 1,479	\$ -	\$ 1,479
Cost of good sold	740	-	740
Gross margin	739	-	739
Expenses			
General and administrative	\$ 21,202	\$ 36,574	\$ 57,776
Professional fees	-	5,598	5,598
Depreciation	-	21,970	21,970
Loss from discontinued operations	\$ (20,463)	\$ (64,142)	\$ (84,605)

During the year ended September 30, 2020 the Company classified Wknd Shop LLC and NLO as discontinued operations as management determined these business lines would no longer be pursued. Accordingly, \$20,463 and \$64,142 of related losses during the three month period ended December 31, 2019 have been reclassified to losses from discontinued operations.

During the period ended December 31, 2020 the Company reached an agreement to sell its land in Northern British Columbia for \$70,803 (CAD \$90,000). In relation to the sale, the Company recorded an impairment of \$82,517 on the book value of the land.

10. SHARE CAPITAL AND RESERVES**Authorized**

Unlimited common shares with no par value and unlimited preferred shares with no par value. As of December 31 2020, there were 11,259,921 common shares outstanding (September 30, 2020 – 11,259,921)

Escrow Shares

The Company has shares subject to trading restrictions and escrow which are released in tranches through 2021. As at December 31, 2021, a total of 164,104 common shares were subject to these escrow restrictions.

Issued and Outstanding – Common Shares Fiscal 2021:

No transactions.

Issued and Outstanding – Common Shares Fiscal 2020:

During the year ended September 30, 2020 the Company issued common shares as follows:

- a) Issued 20,000 common shares upon the achievement of certain milestones under the Northern Lights Organics share purchase agreement with a fair value of \$26,341.
- b) Issued 9,000 common share upon the exercise of warrants at a price of CAD \$2.50 each for proceeds of \$17,030 (CAD - \$22,500).

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10. SHARE CAPITAL AND RESERVES (Continued)

Issued and Outstanding – Common Shares Fiscal 2020 (Continued):

- c) Cancelled 334,862 common shares in relation to the return of shares from certain vendors. In relation to the cancellation, the Company recorded a charge to deficit of \$1,287,113.
- d) The Company completed a non-brokered private placement of \$831,661 (CAD \$1,108,001) by the issuance of 1,772,800 units at CAD \$0.625. Each unit consists of one common share and one common share purchase warrant entitling the holder to subscribe for one additional share at a price of CAD \$0.85 for a period of 2 years, subject to the Company's right to accelerate the expiry date upon 30 days' notice if its shares trade at CAD \$1.75 or more for a period of 10 days. In connection with the issuance of the units the Company issued 129,350 broker warrants on the same terms as the unit offering and incurred cash finder's fees of \$60,887. The Company recorded share issue costs of \$52,913 with respect to the broker warrants granted as finders' fees. The fair value of these broker warrants was CAD \$0.45 per warrant and was estimated using the Black-Scholes option pricing model.
- e) Issued 79,251 common shares to settle outstanding debts with a fair value of \$37,263. In relation to the issuance, the Company recorded a gain on settlement of debt of \$113,334.
- f) Issued 737,629 common shares for services with a fair value of \$335,041.
- g) Issued 65,000 common shares for services with a fair value of \$24,917.
- h) Issued 245,000 common shares to members of management for services with a fair value of \$82,423.
- i) Cancelled 155,002 common shares in relation to the return of shares from certain vendors of R&D Pharma Corp. In relation to the cancellation, the Company recorded a charge to deficit of \$604,433

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10. SHARE CAPITAL AND RESERVES (Continued)**Warrants**

A summary of warrant activity is as follows:

	Number of Warrants	Weighted Average Exercise Price (\$CAD)
Balance at September 30, 2019	4,149,865	\$ 8.45
Granted	2,368,126	4.13
Expired	(890,968)	6.14
Exercised	(9,000)	2.50
Balance at September 30, 2020	5,618,023	\$ 7.00
Expired	(580,623)	12.50
Balance at December 31, 2020	5,037,400	\$ 7.00

The following table summarizes warrants outstanding as of December 31, 2020:

Expiry date	Number of Warrants	Weighted Average Exercise Price (\$CAD)	Weighted Average Remaining Years
February 19, 2021*	465,976	\$17.50	0.14
March 21, 2021	31,250	\$2.50	0.22
March 29, 2021	897,298	\$1.25	0.24
April 5, 2021	689,156	\$1.25	0.26
April 16, 2021	136,151	\$1.25	0.29
February 19, 2021*	34,024	\$17.50	0.14
July 9, 2021	881,395	\$5.00	0.52
February 11, 2022	1,772,532	\$0.85	1.12
March 10, 2022	129,618	\$0.85	1.19
	5,037,400		0.62

*Expired unexercised subsequent to period end.

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10. SHARE CAPITAL AND RESERVES (Continued)**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 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 CSE, and all stock options granted under the plan will have a maximum term of seven years.

A summary of stock option activity is as follows:

	Number of Options	Weighted Average Exercise Price (\$CAD)
Balance at September 30, 2019	534,500	\$ 7.15
Cancelled	(534,500)	7.15
Granted	986,000	0.625
Balance at September 30, 2020	986,000	\$ 0.625
Cancelled	(345,000)	0.625
Balance at December 31, 2020	641,000	\$ 0.625

The following table summarizes stock options outstanding and exercisable as of December 31, 2020:

Expiry date	Number of Options	Number of Exercisable Options	Weighted Average Exercise Price (\$CAD)	Weighted Average Remaining Years
March 25, 2025	641,000	641,000	\$0.625	4.23

Share-based compensation expense recognized during the period of \$Nil (December 31, 2019 - \$35,466) related to options granted and vested during the period. The Option Pricing Model used the following weighted average assumptions:

	December 31, 2020	December 31, 2019
Risk-free interest rate	NA	2.25%
Expected life of options	NA	4.25
Expected forfeitures	NA	10%
Annualized volatility	NA	75%
Dividend rate	NA	0%
Weighted average fair value per option (\$CAD)	NA	\$0.70

Expected annualized volatility was determined using the historic volatility of established comparable publicly traded cannabis companies.

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10. SHARE CAPITAL AND RESERVES (Continued)

The following is a summary of the changes in reserves:

Reserves

	Exchangable			Total
	Stock options	preferred shares	Warrants	
Balance, September 30, 2019	\$ 1,703,371	\$ 572,795	\$ 4,820,341	\$ 7,096,507
Finders' warrants	-	-	52,913	52,913
Transfer	-	(572,795)	572,795	-
Share-based payments	329,800	-	-	329,800
Balance, September 30, 2020	\$ 2,033,171	\$ -	\$ 5,446,049	\$ 7,479,220
Balance, December 31, 2020	\$ 2,033,171	\$ -	\$ 5,446,049	\$ 7,479,220

11. RELATED PARTY TRANSACTIONS**Key management personnel**

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

During the three month periods ended December 31, 2020 and 2019 the Company entered the following key management transactions:

	December 31, 2020	December 31, 2019
Key Management Remuneration:		
Charlie Lamb - CEO, Director	\$ 37,478	-
Robert Payment - CFO	28,785	-
Brian Keane - Director	7,500	7,500
Michael Young - Director	7,500	-
Chris Backus - Former CEO, Director	-	39,044
Michael Hopkinson - Former CFO	-	3,609
Kevin Ernst - Former Director	-	7,500
Total	\$ 81,263	\$ 57,653

Share-based compensation of \$Nil (2019 - \$12,557) was related to directors, officers, and former directors and officers.

Other related party transactions include:

- In February 2020, the Company advanced World High Life Plc ("WHL") an unsecured demand loan of \$110,317 (CAD \$140,000) bearing interest of 5%. WHL is considered a related party due to a common director of each Company (Note 6).

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12. FINANCIAL INSTRUMENTS

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

Cash is carried at fair value using a level 1 fair value measurement. The recorded values of receivables, loans receivable, and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity.

Financial risk management

The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and loans receivables. Cash is held with reputable Canadian and United States financial institutions, from which management believes the risk of loss is remote. Receivables consists of amounts due from the Government of Canada in which management believes the credit risk to be minimal. The Company does not have significant credit risk with respect to customers. The Company's remaining loans are considered to have a low risk of default. The Company's maximum credit risk exposure is equivalent to the carrying value of these instruments.

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to a floating rate of interest. The interest rate risk on cash is not considered significant.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2020 the Company's financial liabilities consist of accounts payable and accrued liabilities, which have contractual maturities within one year. The Company manages liquidity risk by reviewing its capital requirements on an ongoing basis.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. As at December 31, 2020, the Company had cash, loans receivable, accounts payable and accrued liabilities, denominated in Canadian dollars ("CAD"). A 10% fluctuation in the foreign exchange rate between the USD and Canadian dollar would have a \$30,000 impact on profit or loss for the year. The Company does not undertake currency hedging activities to mitigate its foreign currency risk.

WEEKEND UNLIMITED INDUSTRIES INC.

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13. CAPITAL MANAGEMENT

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

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern and 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. As discussed in Note 1, 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 years presented. The Company is not subject to externally imposed capital requirement.

14. GENERAL AND ADMINISTRATIVE EXPENSE

For the three month period ended:

	December 31,	December 31,
General and administrative	2020	2019
Advertising, marketing, and brand development	\$ 906	\$ 53,228
Investor relations	7,253	15,554
Office expenses and general administration	44,411	36,060
Management fees	81,263	57,653
Consulting	28,933	113,560
Travel and entertainment	4,089	10,176
Total	\$ 166,855	\$ 286,231

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15. SEGMENTED INFORMATION

The Company operates in two segments, referred to as Business to Business (“B2B”) and its administrative costs center, (“Corporate”). B2B is focused on the provision of services to cultivators, and processors in Washington State and Oklahoma. The corporate head office is located in Canada. Segmented info as at and for the three month period ended December 31, 2020 is as follows:

	B2B (USA)	Corporate (Canada)	Total
Revenue	\$ 28,206		\$ 28,206
Cost of goods sold	20,744	-	20,744
Gross margin	7,462	-	7,462
Expenses			
General and administrative	\$ 59,559	\$ 107,296	\$ 166,855
Professional fees	569	57,696	58,265
Depreciation	-	6,107	6,107
Total expenses	60,128	171,099	231,227
Net Loss before other items	\$ (52,666)	\$ (171,099)	\$ (223,765)
Property and equipment	\$ -	\$ -	\$ -
Total assets	\$ 146,930	\$ 685,622	\$ 832,552
Total liabilities	\$ 3,144	\$ 94,859	\$ 98,003

In the prior year the Company operated in four segments, referred to as Business to Business (“B2B”), Hemp Products, Hemp Cultivation, as well as its administrative costs center, (“Corporate”). B2B is focused on the provision of services to cultivators, and processors in Washington State, Hemp products is focused on the manufacture and distribution of hemp infused products, Hemp Cultivation is focused on developing agricultural opportunities in the Hemp industry. The corporate head office is located in Canada. Hemp Cultivation operations are located in Canada while the operations of B2B and Hemp Products are located in the United States. During the year ended September 30, 2020 Hemp Products and Hemp Cultivation were classified as discontinued operations (Note 9).

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15. SEGMENTED INFORMATION (Continued)

Segmented info as at and for the period ended December 31, 2019 was as follows:

	B2B (USA)	Corporate (Canada)	Total
Revenue	\$ 5,707	\$ -	\$ 5,707
Cost of goods sold	2,850	-	2,850
Gross margin	2,857	-	2,857
Expenses			
General and administrative	\$ 114,736	\$ 171,495	\$ 286,231
Professional fees	31,264	57,390	88,654
Share-based compensation	-	35,466	35,466
Northern Lights Organics milestone payment	-	26,341	26,341
Depreciation	3,339	-	3,339
Foreign exchange	-	-	-
Total expenses	149,339	290,692	440,031
Net Loss before other items	\$ (152,196)	\$ (290,692)	\$ (437,174)

16. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental cash flow information	December 31, 2020	December 31, 2019
Shares issued under NLO agreement	\$ -	\$ 26,341
Assets held for sale	\$ 148,066	\$ -

17. SUBSEQUENT EVENTS

Subsequent to December 31, 2020 the Company completed the following transactions:

- a) Entered an asset purchase agreement with the co-owner of the Company's land owned in Northern British Columbia whereby the Company sold its interest to the other co-owner for CAD \$90,000. In accordance with the disposition the Company wrote down asset by \$82,517 to reflect the net realizable value.
- b) Entered a revised asset purchase agreement with MDFD Holdings LLC whereby the Company agreed to adjust the sale price of certain assets sold from \$100,000 to \$55,000. Accordingly, the Company impaired a promissory note related to the sale by \$45,000. The \$55,000 was received in full upon close of the transaction.
- c) The Company closed a non-brokered private placement of 8,818,001 units at a price of CAD \$0.17 per Unit, raising gross proceeds of CAD \$1,499,060. Each unit consists of one common share and one share purchase warrant entitling the holder to purchase an additional common share for CAD \$0.23 for a period of 2 years from the issue date. All the securities issuable in connection with the private placement will be subject to a hold period expiring four months and one day after date of issuance.

In connection with the closing of the private placement, the Company paid finder's fees of CAD \$50,728 in cash and issued 298,400 finder's warrants. The finder's warrants hold the same terms of the warrants issued as part of the Units.