



Radiant Technologies Inc.

Interim Condensed Consolidated Financial Statements

Three months ended June 30, 2020 and 2019  
(Unaudited)

# Contents

	Page
Interim Condensed Consolidated Balance Sheets	3
Interim Condensed Consolidated Statements of Operations and Comprehensive Loss	4
Interim Condensed Consolidated Statements of Cash Flows	5
Interim Condensed Consolidated Statements of Changes in Equity	6
Notes to the Interim Condensed Consolidated Financial Statements	7 - 25

# Radiant Technologies Inc.

## Interim Condensed Consolidated Balance Sheets

(Unaudited)  
**As at** **June 30,**  
**2020** **March 31,**  
**2020**

### Assets

#### Current assets

Cash	\$ 1,868,871	\$ 145,117
Accounts receivable	849,097	846,899
Prepays and deposits	1,469,390	1,591,779
Inventories	8,876,009	8,890,777
	<b>13,063,367</b>	<b>11,474,572</b>

#### Non-current assets

Restricted cash	200,000	200,000
Long-term prepaids and deposits	1,431,048	1,426,808
Lease assets	1,913,954	2,069,575
Plant and equipment	41,908,973	41,892,844
Intangible assets	830,922	867,895
	<b>46,284,897</b>	<b>46,457,122</b>

<b>Total assets</b>	<b>\$ 59,348,264</b>	<b>\$ 57,931,694</b>
---------------------	----------------------	----------------------

### Liabilities

#### Current liabilities

Accounts payable and accrued liabilities	\$ 13,956,807	\$ 15,341,446
Short term borrowings (Note 5)	2,836,517	2,426,271
Facility construction liabilities	8,373,499	8,569,340
Current portion of long-term debt (Note 6)	1,202,479	1,049,649
Current portion of lease liabilities	455,505	489,114
	<b>26,824,807</b>	<b>27,875,820</b>

#### Non-current liabilities

Long-term debt (Note 6)	9,684,809	9,571,825
Lease liabilities	1,378,438	1,472,197
	<b>11,063,247</b>	<b>11,044,022</b>

### Shareholders' equity

Common shares (Note 7)	115,637,135	112,474,761
Contributed surplus	38,537,570	33,820,500
Deficit	(132,714,495)	(127,283,409)
	<b>21,460,210</b>	<b>19,011,852</b>

<b>Total liabilities and shareholders' equity</b>	<b>\$ 59,348,264</b>	<b>\$ 57,931,694</b>
---	----------------------	----------------------

See accompanying notes to the consolidated financial statements

Approved by the Board of Directors:

Director (signed by)           "Jan Petzel"          

Director (signed by)           "Francesco Ferlino"

# Radiant Technologies Inc.

## Interim Condensed Consolidated Statements of Operations and Comprehensive Loss

(Unaudited)

For the three months ended June 30,	2020	2019
<b>Revenues</b>		
Manufactured products	\$ 42,435	\$ -
Manufacturing services	-	61,027
	<b>42,435</b>	<b>61,027</b>
<b>Cost of sales</b>		
Manufactured products	65,198	-
Manufacturing services	-	64,610
	<b>65,198</b>	<b>64,610</b>
	<b>(22,763)</b>	<b>(3,583)</b>
<b>Expenses</b>		
General and administrative	2,212,936	2,157,485
Financing fees	612,578	123,671
Depreciation and amortization	605,295	500,576
Engineering	344,525	533,697
Production plant	264,827	891,259
Process development	206,313	619,127
Research and development	75,308	84,535
Quality control and assurance	40,556	377,617
Corporate development	33,722	258,598
Business development	29,769	156,625
	<b>4,425,829</b>	<b>5,703,190</b>
<b>Loss before other income (expenses)</b>	<b>(4,448,592)</b>	<b>(5,706,773)</b>
<b>Other income (expenses)</b>		
Share-based payments (Note 7)	(216,637)	(837,147)
Loss on settlement of debt	(404,549)	-
Loss on loan modification	(477,810)	-
Interest and other income	151	156,581
Foreign exchange gain	89,399	31,180
Rental income	26,952	5,187
	<b>(982,494)</b>	<b>(644,199)</b>
<b>Net loss and comprehensive loss</b>	<b>\$ (5,431,086)</b>	<b>\$ (6,350,972)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.02)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of common shares outstanding</b>		
Basic and diluted	<b>293,501,397</b>	<b>270,249,163</b>

See accompanying notes to the consolidated financial statements

# Radiant Technologies Inc.

## Interim Condensed Consolidated Statements of Cash Flows

(Unaudited)

For the three months ended June 30

2020

2019

### Operating Activities

Net loss	\$	(5,431,086)	\$	(6,350,972)
Adjustments for:				
Depreciation and amortization		605,295		500,576
Share-based payments		216,637		837,147
Interest expense and pay-out penalties		506,590		93,583
Loss on settlement of debt		404,549		-
Loss on loan modification		477,810		-
Finance fee accretion and amortization		105,988		30,088
Interest income		-		(156,581)
Accretion of rent liability		-		(3,029)
		(3,114,217)		(5,049,188)
Change in non-cash operating working capital (Note 4)		(573,155)		(323,706)
<b>Cash used in operating activities</b>		<b>(3,687,372)</b>		<b>(5,372,894)</b>

### Financing Activities

Proceeds from brokered placements		5,750,000		-
Proceeds from exercise of warrants		-		409,925
Proceeds from exercise of stock options		-		101,520
At-the-market share issuance		699,846		-
Repayment of long-term debt		-		(41,589)
Interest and pay-out penalties paid		(134,413)		(93,771)
Financing costs paid on long-term debt		(85,000)		-
Repayment of lease liabilities		-		(56,464)
Share issuance costs		(824,637)		(5,739)
<b>Cash provided by financing activities</b>		<b>5,405,796</b>		<b>313,882</b>

### Investing Activities

Purchase of plant and equipment		-		(3,066,378)
Increase in long-term prepaids and deposits		(4,240)		(181,831)
Investment in intangible assets		-		(124,759)
Interest received		-		115,371
Proceeds on disposal of plant and equipment		9,570		81,195
<b>Cash provided by (used in) investing activities</b>		<b>5,330</b>		<b>(3,176,402)</b>

### Net increase (decrease) in cash

		1,723,754		(8,235,414)
Cash, beginning of period		145,117		31,752,852
<b>Cash, end of the period</b>	\$	<b>1,868,871</b>	\$	<b>23,517,438</b>

Non-cash transactions (Note 4)

See accompanying notes to the consolidated financial statements

# Radiant Technologies Inc.

## Interim Condensed Consolidated Statements of Changes in Equity

(Unaudited)

As at June 30, 2019	Common Shares	Contributed Surplus	Deficit	Equity
Balance March 31, 2019	\$ 109,030,850	\$ 31,677,219	\$ (89,865,670)	\$ 50,842,399
Share-based payments	-	837,147	-	837,147
Warrant exercises	475,351	(65,426)	-	409,925
Stock option exercises	188,320	(86,800)	-	101,520
Shares issued for services	434,796	-	-	434,796
Share issuance costs	(5,739)	-	-	(5,739)
Net loss	-	-	(6,350,972)	(6,350,972)
Balance June 30, 2019	\$ 110,123,578	\$ 32,362,140	\$ (96,216,642)	\$ 46,269,076

As at June 30, 2020	Common Shares (Note 7)	Contributed Surplus (Note 7)	Deficit	Equity
Balance March 31, 2020	\$ 112,474,761	\$ 33,820,500	\$ (127,283,409)	\$ 19,011,852
Shares issued for brokered placement	5,750,000	-	-	5,750,000
Share-based payments	-	216,637	-	216,637
At-the-market issuance	699,846	-	-	699,846
Warrant issuance	(3,220,000)	3,220,000	-	-
Warrant extensions	(610,247)	610,247	-	-
Finders compensation	(384,745)	384,745	-	-
Shares issued for services	322,863	-	-	322,863
Shares for debt	220,370	-	-	220,370
Units for debt	1,208,924	285,441	-	1,494,365
Share issuance costs	(824,637)	-	-	(824,637)
Net loss	-	-	(5,431,086)	(5,431,086)
Balance June 30, 2020	\$ 115,637,135	\$ 38,537,570	\$ (132,714,495)	\$ 21,460,210

See accompanying notes to the consolidated financial statements

---

# Radiant Technologies Inc.

## Notes to the Interim Condensed Consolidated Financial Statements

June 30, 2020

(Unaudited)

---

### 1. Nature of operations and going concern

Radiant Technologies Inc. was incorporated on June 12, 2001. The principal activities of Radiant Technologies Inc. and its subsidiaries, (collectively, the “Company”) are research, development and commercialization of an efficient and environmentally responsible technology for the extraction, isolation and purification of soluble products from a wide range of materials using microwave technology. The ordinary shares are listed on the TSXV under the symbol “RTI” and on the OTCQX®Best Market, operated by OTC Markets Group under the ticker symbol “RDDTF”. The address of the Company’s head office is 9426 – 51 Avenue NW, Edmonton, Alberta T6E 5A6 and its registered office is located at 2900 – 550 Burrard Street, Vancouver, British Columbia V6C 0A3.

These interim condensed consolidated financial statements are prepared on a going concern basis, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of operations as they become due. The Company’s ability to generate sufficient cash flows to maintain normal operations, if unsuccessful, will result in it not being able to continue as a going concern.

The Company has incurred significant losses to date. The net loss for the three months ended June 30, 2020 totalled \$5,431,086 (June 30, 2019 - \$6,350,972) and as at June 30, 2020 the Company had a deficit of \$132,714,495 (June 30, 2019 - \$96,216,642).

In addition, the Company’s current liabilities exceed its current assets by \$13,761,440 (March 31, 2020 – current assets exceeded current liabilities by \$16,401,248). As at June, 2020, the Company is in arrears with certain rents, long-term debt, and lease liabilities. These balances and the changes year over year indicate that there are material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern.

Management has been able to finance operations through debt and equity financings and will continue, as appropriate, to seek financing from these and other sources including a sale leaseback transaction; however, there are no assurances that any such financings can be obtained on favourable terms, if at all. There can be no assurance that the steps management is taking will be successful.

The financial statements for the periods presented do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business as a going concern and that such adjustments could be material.

In conjunction with quarter-end, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and; specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company’s shares and its ability to raise new capital. These factors, among others, could have a significant impact on the Company’s operations. Management have given consideration as to the impact of COVID-19 on the Company and concluded that the consolidated financial statements appropriately reflect and disclose management’s best estimate and uncertainty regarding the impact of COVID-19 on the Company’s future operations and financial results.

These interim condensed consolidated financial statements, including comparatives, were authorized for issue by the Board of Directors of the Company on October 8, 2020.

---

# Radient Technologies Inc.

## Notes to the Interim Condensed Consolidated Financial Statements

June 30, 2020

(Unaudited)

---

### 2. Basis of presentation

#### a) Statement of compliance

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34: "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB") and do not include all the information required for full annual consolidated financial statements. The same accounting policies were followed in the preparation of these interim condensed consolidated financial statements as were followed in the preparation of the annual consolidated financial statements for the year ended March 31, 2020. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended March 31, 2020. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

#### b) Basis of consolidation

The consolidated financial statements of the Company include the financial statements of Radient Technologies Inc. and its wholly-owned subsidiaries Radient Technologies (Cannabis) Inc. ("RTC"), Radient Technologies Innovations Inc. ("RII"), Radient Technologies (Switzerland) Inc. ("RTS"), and 1631807 Alberta Ltd and a 50% interest in the joint arrangement Natac Solutions S.L. MAG Innovation GmbH ("MAG") is a wholly-owned subsidiary of RTS.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values. If accounted for as a business combination, any excess of the cost over the fair values of the identifiable net assets acquired is recognized as goodwill. If accounted for as a purchase of assets, any excess of the cost over fair value of the identifiable net assets is allocated to the assets purchased.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company using consistent accounting policies. All transactions and balances between the Company and its subsidiaries are eliminated upon consolidation.

Joint arrangement

The Company has a 50% interest in Natac Solutions S.L. which was incorporated in the fiscal year. There is currently no financial activity in the joint operation.

#### c) Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention unless otherwise indicated.



---

# **Radiant Technologies Inc.**

## **Notes to the Interim Condensed Consolidated Financial Statements**

June 30, 2020  
(Unaudited)

---

### **2. Basis of presentation (cont'd)**

#### **d) Functional and presentation currency**

Amounts presented in these consolidated financial statements and the notes hereto are in Canadian dollars, the parent Company's functional currency, unless otherwise stated.

The Company's German operations functional currency is Canadian dollars. Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss. Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

### **3. Summary of significant accounting policies**

#### **Revenue recognition**

##### ***Revenue from contracts with customers***

Revenue is generated from contracts with customers to extract natural compounds from a range of biological materials.

To determine the amount and timing of revenue to be recognized the Company follows the five-step model framework:

1. Identify the contract(s) with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

##### ***Manufactured Products***

The Company's revenue from the production of biomass and extracted natural compounds consisted of one performance obligation which occurred at the point of delivery to the client. The transaction price was for a fixed fee. Revenue was recognized at the point of delivery when the performance obligation was satisfied.

##### ***Manufacturing Services***

The Company's current Master Service Agreement for processing dried cannabis into cannabis oil (processed biomass) consists of one performance obligation which occurs when the customer obtains notification of satisfactory third-party testing of the processed biomass. Revenue is recognized when this performance obligation is met. The transaction price is based on the weighted average sales prices of the customer's most recent fiscal quarter, the concentration of tetrahydrocannabinol "THC" and the amount of processed biomass.

Consideration received in advance of revenue being recognized is deferred until the conditions are met.

---

# Radiant Technologies Inc.

## Notes to the Interim Condensed Consolidated Financial Statements

June 30, 2020

(Unaudited)

---

### 3. Summary of significant accounting policies (cont'd)

#### **Significant Estimates**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from those estimates.

There is significant uncertainty regarding the extent and duration of the impact that the COVID-19 pandemic will have on the Company's operations. The extent to which the impacts of the COVID-19 pandemic affects the judgments, estimates and assumptions described in Note 3 to the Company's consolidated financial statements as at and for the year ended March 31, 2020 depend on future developments, which are highly uncertain and cannot be predicted. Management will continue to monitor and assess the impact of the pandemic on its judgments, estimates, assumptions, accounting policies and amounts recognized in these condensed interim consolidated financial statements, including, but not limited to, valuation of inventories, impairment of property and equipment, intangible assets, and lease assets. After careful analysis, management has applied significant judgments, estimates and assumptions in the preparation of these condensed interim consolidated financial statements consistent with those applied to the consolidated financial statements as at and for the year ended March 31, 2020 as the severity and duration of the COVID-19 pandemic are unknown.

#### **New accounting standards issued but not yet effective**

Certain new accounting standards and interpretations have been published that are not mandatory for the current period and have not been early adopted. These standards are not expected to have a material effect on the Company in the current or future reporting periods.

### 4. Change in non-cash operating working capital

	June 30, 2020	June 30, 2019
Accounts receivable	\$ (2,198)	\$ (421,976)
Prepays and deposits	(2,350)	(372,734)
Inventory	14,768	(29,602)
Facility construction liabilities	(650,061)	-
Accounts payable and accruals	66,686	500,606
Net change in non-cash operating working capital	<u>\$ (573,155)</u>	<u>\$ (323,706)</u>
<b>Non-cash transactions</b>		
Settlement of debt through issuance of shares	1,429,294	-
Settlement of services payable through issuance of shares	322,863	434,796
Lease asset acquisitions	-	25,695

**Radiant Technologies Inc.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
June 30, 2020  
(Unaudited)

**5. Short term borrowings**

	<b>June 30, 2020</b>	March 31, 2020
Due to related party bearing interest at 21% due on demand	<b>\$ 2,836,517</b>	\$ 2,500,000
Financing costs	-	(73,729)
	<b>\$ 2,836,517</b>	\$ 2,426,271

On January 31, 2020, the Company entered into a loan agreement with Akaura Holdings Inc. (a related party) to assist the Company with working capital requirements. The amount funded under the loan agreement was \$2,500,000 and bears interest at 21.0% per annum. \$200,000 was held back by the lender and is recorded as long-term restricted cash. Interest is paid monthly with the principal balance due if the on February 28, 2020. Additional interest and penalties of \$60,000 and \$2,000 per day from February 15, 2020 will be due if the principal portion of the loan has not been repaid by the Company by the due date. At June 30, 2020, \$336,517 has been added to the principle portion of the loan related to interest charges on default.

The loan is secured through a mortgage on land and building as well as a general security agreement between Akaura Holdings Inc and two of the subsidiaries. The Company has also provided a general security agreement on assets to a third party lender to secure Akaura's loan with the third party.

Interest expense is presented under financing fees and is \$316,413 (2019 - \$nil) for the three months ending June 30, 2020 and financing fees of \$73,729 (2019 - \$nil).

**6. Long-term debt**

	<b>June 30, 2020</b>	March 31, 2020
Loan payable bearing interest at 5.80% with monthly payments of \$9,327 maturing October 1, 2021	<b>\$ 175,644</b>	\$ 175,644
Loan payable bearing interest at 4.55% with monthly payments of \$2,586 maturing March 1, 2023	<b>89,239</b>	89,239
Loan payable bearing interest at Bank of Canada policy interest rate plus 3% with variable payments maturing June 1, 2025	<b>657,266</b>	657,266
Debenture payable bearing interest at 15% with interest paid quarterly maturing March 4, 2022	<b>1,162,500</b>	1,162,500
Mortgage payable bearing interest at the greater of 12.5% or Bank of Nova Scotia prime rate plus 10.05% per annum with monthly interest only payments required and principal maturing on November 1, 2021. (Note 6(a))	<b>8,992,266</b>	8,627,500
Financing costs	<b>(189,627)</b>	(90,675)
	<b>10,887,288</b>	10,621,474
Current portion	<b>(1,202,479)</b>	(1,049,649)
	<b>\$ 9,684,809</b>	\$ 9,571,825

# Radiant Technologies Inc.

## Notes to the Interim Condensed Consolidated Financial Statements

June 30, 2020

(Unaudited)

### 6. Long-term debt (cont'd)

Interest expense is presented under financing fees and is \$190,178 (2019 - \$85,869) for the three months ending June 30, 2020 and financing fees of \$32,259 (2019 - \$nil). (2019 - \$85,869).

#### a) Mortgage payable

On April 29, 2020, the Company amended the mortgage with Moskowitz increasing the interest rate to the greater of 12.5% or Bank of Nova Scotia prime rate plus 10.05% per annum revised from the greater of 8.5% or Bank of Nova Scotia prime rate plus 5.05% per annum. As the terms of the amendment to the mortgage were not substantially different from the terms of the previously existing mortgage, the amendment was determined to be a modification of debt. As a result, a loss on modification of long-term debt totalling \$477,810 was recognized during the quarter ended June 30, 2020. Deferred financing charges of \$85,000 related to the loan amendment fees were recorded and will be amortized over the remaining term of the mortgage.

The mortgage is secured by the Company's production facility and the adjacent lands.

The Company is not in compliance with terms and conditions of certain of its long-term debt agreements and has classified amounts outstanding under these agreements to current portion of long-term debt.

### 7. Share capital

#### a) Common shares

##### i) Authorized

Unlimited number of common shares without par value

##### ii) Issued and outstanding common shares

	Shares	Amount
Balance March 31, 2019	268,835,143	\$ 109,030,850
Warrant exercises	6,237,613	2,067,038
Stock option exercises	147,000	188,320
Shares issued for services	1,860,309	1,176,557
Shares issued for debt	406,271	178,307
Shares issued under At-the-Market facility	43,000	7,715
Warrant issuance	-	(174,026)
Balance March 31, 2020	277,529,336	\$ 112,474,761
Shares issued under brokered placement	28,750,000	5,750,000
Shares issued for services	1,798,359	322,863
Shares for debt	7,940,528	220,370
Units for debt	-	1,494,365
Shares issued under At-the-market facility	4,380,900	699,846
Finder's units	-	(384,745)
Warrant issuance	-	(3,220,000)
Share issue costs	-	(824,637)
Warrant extension	-	(610,247)
<b>Balance June 30, 2020</b>	<b>320,399,123</b>	<b>\$ 115,637,135</b>

**Radiant Technologies Inc.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
 June 30, 2020  
 (Unaudited)

**7. Share capital (cont'd)**

**b) Placements**

The Company completed a brokered placement on May 26, 2020. The placement was completed in a unit offering consisting of one common share and one common share purchase warrant. Each common share purchase warrant is exercisable for one common share.

Details of the placement and the number of units issued during the three months ended June 30, 2020 are shown below:

<b>Placement closing date</b>	<b>May 26, 2020</b>
Issue price per unit	\$ 0.20
Common shares issued	28,750,000
Warrants issued	28,750,000
Warrant exercise price	\$ 0.30
Warrant term in months	36
Cash proceeds summary:	
Gross proceeds	\$ 5,750,000
Cash issuance costs	(824,637)
Net cash proceeds on issuance	\$ 4,925,363
Fair value of finders' options	(384,745)
Fair value on warrant issuance	(3,220,000)
Net value allocated to common shares	\$ 1,320,618

A summary of the assumptions used for the placement is set out below:

<b>Placement closing date</b>	<b><sup>(1)</sup> May 26, 2020</b>
<b>Common share purchase warrants</b>	
Common share market price	\$ 0.30
Risk free interest rate	1.75%
Expected dividend yield	-
Estimated common share price volatility	114%
Estimated life in months	36

---

**Radiant Technologies Inc.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
June 30, 2020  
(Unaudited)

---

**7. Share capital (cont'd)**

**b) Placements (cont'd)**

**Finder's options**

As part of the brokered placement on May 26, 2020, the Company also issued finder's options to certain finders that entitled them to acquire 1,630,275 units at an exercise price of \$0.20 for a period of 36 months following the completion of the offering. If exercised, these units would include 1,630,275 common shares and 1,630,275 common share purchase warrants entitling the holder to subscribe for additional common shares at a price of \$0.30 per common share for a period of 36 months. The common share finders' options were allocated a portion of the gross proceeds based upon their relative fair value at the date of issuance. A total of \$384,745 was recorded as share issue costs as of June 30, 2020 (\$202,154 allocated to common shares and \$182,591 to common share purchase warrants). Black-Scholes option pricing valuation model was utilized to value options. As summary for each component is set out below:

	<b>May 26, 2020</b>
<b>Finders' options</b>	
Common share market price	\$ 0.20
Risk free interest rate	1.75%
Expected dividend yield	0%
Estimated common share price volatility	114%
Estimated life in years	3

	<b>May 26, 2020</b>
<b>Finders' warrants</b>	
Common share market price	\$ 0.30
Risk free interest rate	1.75%
Expected dividend yield	0%
Estimated common share price volatility	114%
Estimated life in years	3

If exercised, the options outstanding at June 30, 2020 of 3,254,565 would include 3,254,565 common shares and 3,254,565 common share purchase warrants.

**Radiant Technologies Inc.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
June 30, 2020  
(Unaudited)

**7. Share capital (cont'd)**

**b) Placements (cont'd)**

The continuity of the Company's outstanding finders' options is as follows:

	Quarter ended June 30, 2020		Year ended March 31, 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	1,624,290	\$ 1.20	1,624,000	\$ 1.20
Finders' options issued	1,630,275	0.20	-	-
Outstanding, end of period	3,254,565	\$ 0.70	1,624,290	\$ 1.20

There were no finders' options exercised during the three months ended June 30, 2020.

**Shares and Units issued for debt**

During the three months ended June 30, 2020, the Company issued 1,224,276 shares of the Company to settle outstanding debt of \$202,005.

During the three months ended June 30, 2020, the Company issued 6,716,252 units of the Company to settle outstanding debt of \$1,108,182. Each unit consists of one share and one-half common share purchase warrant. Each warrant is convertible to one share at a share exercise price of \$0.30 and expires 24 months following the grant of such warrant. The Company recorded a loss on settlement of debt of \$404,549. The common share purchase warrants were valued using Black Scholes using the following assumptions:

	June 8, 2020
<b>Common share purchase warrants</b>	
Common share market price	\$ 0.30
Risk free interest rate	0.25%
Expected dividend yield	0%
Estimated common share price volatility	114%
Estimated life in years	2

Share issue costs include \$7,378 of costs incurred related to the issuance of these shares and units.

During the year ended March 31, 2019, the Company issued 35,236 common shares on November 8, 2018 at a share price of \$0.93 to an arm's length third party creditor, to settle outstanding debt of \$32,769. Share issue costs include \$664 of costs incurred related to the issuance of these shares.

---

**Radiant Technologies Inc.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
June 30, 2020  
(Unaudited)

---

**7. Share capital (cont'd)**

**b) Placements (cont'd)**

**Shares for services**

The Company has approved multiple shares for service agreements with third parties in exchange for consulting services. Pursuant to the terms of the agreements the Company may issue common shares in exchange for a maximum amount of services provided. The number of shares to be issued and the issuance price of these shares will vary based on the terms of the agreements. Per the terms of the agreements on December 1, 2018, December 6, 2017, November 28, 2017 and August 28, 2017, the number of shares will be issued quarterly based on the closing price of the Company's shares on the last trading day each quarter. Per the terms of the agreement on January 1, 2019, the number of shares will be issued monthly and the issue price of these shares will be the greater of (i) the 15 day VWAP share trading price of the shares on the TSXV on the last financial trading day of the relevant month; (ii) the "Discounted Market Price" (as defined in the policies of the TSXV) on the last financial trading day of the relevant month. The agreements were approved by the TSXV and will be subject to approval for each successive 2-year renewal term.

The Company no longer has services provided under the agreement dated December 1, 2018.

Details of the agreements and the number of shares issued during the three months ended June 30, 2020 and the year ended March 31, 2020 are shown below:

**Shares issued for the three months ended June 30, 2020**

<b>Agreement issue date</b>		<b>Jan 1, 2019</b>
Maximum services amount	\$	585,000 GBP
Common shares issued		1,798,359
Value of services (contract currency)	\$	186,250 GBP
Value of services (CAD)	\$	322,863 CAD
Weighted average issue price per common share	\$	0.18 CAD
Balance included in accounts payable and accrued liabilities		
Contract currency	\$	nil GBP
CAD	\$	nil CAD



**Radiant Technologies Inc.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
June 30, 2020  
(Unaudited)

**7. Share capital (cont'd)**

**b) Placements (cont'd)**

**Shares issued for the year ended March 31, 2020**

<b>Agreement issue date</b>	<b>Dec 1, 2018</b>	<b>Jan 1, 2019</b>	<b>Total</b>
Maximum services amount	\$ 27,000 USD	\$ 585,000 GBP	
Common shares issued	14,000	1,846,309	1,860,309
Value of services (contract currency)	\$ 9,369 USD	\$ 682,500 GBP <sup>(1)</sup>	
Value of services (CAD)	\$ 13,080 CAD	\$ 1,163,477 CAD	\$ 1,176,577 CAD
Weighted average issue price per common share	\$ 0.93 CAD	\$ 0.63 CAD	
Balance included in accounts payable and accrued liabilities			
Contract currency	\$ 2,853 USD	\$ 48,750 GBP	
CAD	\$ 4,061 CAD	\$ 84,497 CAD	\$ 88,558 CAD

Notes: (1) The maximum under the agreement relates to the fiscal year. During the year ended March 31, 2020, the Company issued shares for services in the 4th quarter of 2019 in the first quarter of 2020 in addition to the annual maximum.

Share issue costs include \$nil for the three months ended June 30, 2020 (\$2,770 for the year ended March 31, 2020).

**At-the-Market (ATM) Facility**

During the year ended March 31, 2020, the Company entered into a Controlled Equity Offering Sales Agreement with National Bank Financial Inc. (National Bank) pursuant to which the Company sold common shares through ATM offerings with National Bank acting as sales agent. Pursuant to Canadian securities rules, the Company is limited to raising \$9,400,000 under this specific ATM offering. For the three months ended June 30, 2020, the Company issued 4,380,900 common shares, receiving gross proceeds of \$685,849. Share issue costs for the three months ended June 30, 2020 were \$31,421 and included a 2% commission of \$17,612 paid to the agent and professional fees and filing fees of \$13,997 directly related to the ATM. Share issue costs for the year ended March 31, 2020 were \$159,129 and included a 2% commission of \$154 paid to the agent.

**Radiant Technologies Inc.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
June 30, 2020  
(Unaudited)

**7. Share capital (cont'd)**

**c) Warrants**

The continuity of the Company's outstanding warrants is as follows:

	<b>Three months ended June 30, 2020</b>		<b>Year ended March 31, 2020</b>	
	<b>Number of warrants</b>	<b>Weighted average exercise price</b>	<b>Number of warrants</b>	<b>Weighted average exercise price</b>
Outstanding, beginning of period	<b>24,826,803</b>	<b>\$ 0.98</b>	35,275,055	\$ 0.95
Warrants issued	<b>32,108,127</b>	<b>0.30</b>	581,250	0.70
Warrants exercised	-	-	(6,237,613)	0.26
Warrants expired	-	-	(4,791,889)	1.63
Outstanding, end of period	<b>56,934,930</b>	<b>\$ 0.70</b>	24,826,803	\$ 0.98

During the three months ended June 30, 2020, the Company extended the expiry date of certain warrants. The warrants were extended an additional 12 months. The Black-Scholes Option Pricing model was used to determine the fair value immediately prior to and immediately subsequent to the extension. This resulted in a change in value of \$610,247 which is reflected on the interim consolidated statement of changes in equity. The inputs were as follows:

<b>Immediately prior to extension</b>	<b>1,070,712 warrants expiring April 14, 2020</b>		<b>3,051,310 warrants expiring June 2, 2020</b>		<b>5,872,382 warrants expiring June 22, 2020</b>	
Common share price	\$	0.17	\$	0.19	\$	0.19
Exercise price		0.25		0.25		0.25
Expected term		0.04		0.082		0.082
Risk free interest rate		1.50%		1.50%		1.50%
Expected dividend yield		-		-		-
Estimated common share price volatility		109%		109%		109%
<b>Immediately after extension</b>						
Common share price	\$	0.17	\$	0.19	\$	0.19
Exercise price		0.25		0.25		0.25
Expected term		1.04		1.082		1.082
Risk free interest rate		1.50%		1.50%		1.50%
Expected dividend yield		-		-		-
Estimated common share price volatility		109%		109%		109%

For the year ended March 31, 2020 the Company issued 581,250 warrants as part of a debenture financing. The fair value of the warrants for the year ended March 31, 2020 of \$90,675 was determined using a Black-Scholes option pricing valuation model with the following assumptions:

	<b>March 4, 2020</b>	
<b>Warrants</b>		
Common share market price	\$	0.34
Risk free interest rate		1.5%
Expected dividend yield		0%
Estimated common share price volatility		119.7%
Estimated life in years		2

**Radiant Technologies Inc.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
June 30, 2020  
(Unaudited)

**7. Share capital (cont'd)**

**c) Warrants (cont'd)**

During the three months ending June 20, 2020, no warrant holders exercised warrants.

The following table summarizes information about warrants outstanding as at June 30, 2020 and March 31, 2020.

June 30, 2020			March 31, 2020		
Exercise price	Number of warrants	Remaining contractual life (years)	Exercise Price	Number of warrants	Remaining contractual life (years)
0.25	1,070,712	0.8	0.25	1,070,712	0.04
0.25	3,051,310	0.9	0.25	3,051,310	0.2
0.25	5,872,382	1.0	0.25	5,872,382	0.2
1.50	14,251,149	0.1	1.50	14,251,149	0.3
0.70	581,250	1.9	0.70	581,250	1.9
0.30	3,358,127	1.9			
0.30	28,750,000	2.9			
<b>\$ 0.98</b>	<b>56,934,930</b>	<b>1.8</b>	<b>\$ 0.98</b>	<b>24,826,803</b>	<b>0.3</b>

**d) Stock option plan**

The Company's stock option plan (the "Stock Option Plan") provides that the Board of Directors of the Corporation may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding common shares exercisable for the period of up to ten (10) years.

In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding common shares. The Board of Directors determines the price per common share and the number of common shares which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of the TSXV. Options have been issued with vesting periods of immediate to 4 years with terms between 2 and 10 years.

The continuity of the Company's outstanding and exercisable stock options is as follows:

	Three months ended June 30, 2020		Three months ended June 30, 2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	24,417,025	\$ 1.00	24,322,150	\$ 1.03
Options granted	2,125,000	0.18	470,000	0.93
Options exercised	-	-	(147,000)	0.69
Options forfeited	(1,546,875)	1.10	(75,000)	1.20
Outstanding, end of period	24,995,150	\$ 0.93	24,570,150	\$ 1.03
Exercisable, end of period	21,730,464	\$ 0.94	20,519,256	\$ 0.95

---

**Radiant Technologies Inc.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
June 30, 2020  
(Unaudited)

---

**7. Share capital (cont'd)**

**d) Stock option plan (cont'd)**

The following tables summarize information about stock options granted during the three months ended June 30, 2020 and June 30, 2019. The weighted average grant date fair value was estimated using the Black Scholes option pricing model using the following grant date assumptions:

**Options granted for the period ended June 30, 2020**

Original grant date	May 28, 2020
<b>Options granted:</b>	
Options granted	2,125,000
Exercise price	\$ 0.175
Weighted average grant date fair value	\$ 0.137
<b>Assumptions used:</b>	
Grant date stock price	May 28, 2020
Risk free interest rate	0.5%
Expected dividend yield	-
Estimated common share price volatility	109%
Estimated life in years	5

For stock options granted, the Company records compensation expense using the fair value method. Fair values are determined using the Black-Scholes Option pricing model. Compensation costs are recognized over the vesting period as an increase to share based payments expense and contributed surplus. When stock options are subsequently exercised, the fair-value of such stock options in contributed surplus is credited to share capital.

The estimated volatility is based on the Company's historic volatility since May 22, 2014.

# Radiant Technologies Inc.

## Notes to the Interim Condensed Consolidated Financial Statements

June 30, 2020

(Unaudited)

### 7. Share capital (cont'd)

#### d) Stock option plan (cont'd)

The following table summarizes information about stock options outstanding as at June 30, 2020 and March 31, 2020:

June 30, 2020			March 31, 2020		
Exercise price	Number of options	Remaining contractual life (years)	Exercise price	Number of options	Remaining contractual life (years)
\$ 1.00	51,428	1.4	\$ 1.00	51,428	1.6
0.66	4,986,519	1.8	0.66	5,086,519	2.0
0.50	550,000	2.2	0.50	550,000	2.4
1.82	778,000	2.4	1.82	1,028,000	2.7
1.20	900,000	2.9	1.20	1,275,000	3.2
0.60	3,340	3.2	0.60	3,340	3.4
1.82	3,900,000	3.3	1.82	3,900,000	3.5
0.87	7,790,000	3.4	0.87	8,340,000	3.7
0.93	775,000	3.7	0.93	946,875	3.9
0.60	15,863	3.8	0.60	15,863	4.0
0.93	370,000	3.9	0.93	470,000	4.2
0.75	1,500,000	4.0	0.75	1,500,000	4.2
0.58	750,000	4.3	0.58	750,000	4.6
0.37	500,000	4.7	0.37	500,000	4.9
0.175	2,125,000	2.9	-	-	-
<b>\$ 1.00</b>	<b>24,995,150</b>	<b>3.2</b>	<b>\$ 1.00</b>	<b>24,417,025</b>	<b>3.3</b>

The total share-based payments recognized during the three months ended June 30, 2020 of \$216,637 (2019 - \$837,147) was recorded as an expense.

### 8. Commitments for expenditures

The Company has entered into various non-cancellable commitments with contract terms ranging between one and five years as follows:

	June 30, 2020	March 31, 2020
Capital expansion projects	\$ 1,383,834	\$ 1,766,241
Leases not yet commenced	130,500	130,500
Variable lease payments for lease liabilities	1,733,091	1,827,003
Network services contracts	181,559	202,198
Purchase and retrofitting of equipment	141,387	144,616
Maintenance contracts	12,567	18,088
	<b>\$ 3,582,938</b>	<b>\$ 4,088,646</b>

---

# Radiant Technologies Inc.

## Notes to the Interim Condensed Consolidated Financial Statements

June 30, 2020

(Unaudited)

---

### 9. Related party transactions

The Company's related parties are its Board of Directors, key management personnel (President and Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Chief Technology Officer) and Aurora Cannabis Inc. ("Aurora"), as well as any companies controlled by key management personnel or directors. Transactions conducted with related parties took place in the normal course of operations and are measured at the amount of consideration established and agreed to by the related parties.

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

#### a) Key management personnel and director remuneration

The remuneration of directors and key management personnel follows:

<b>For the three months ended June 30</b>	<b>2020</b>	<b>2019</b>
Compensation	\$ 240,425	\$ 255,674
Short-term benefits	48,634	6,971
Share-based compensation	116,156	358,391
	<b>\$ 405,215</b>	<b>\$ 621,036</b>

Compensation includes key management salaries, consulting fees and director's fees.

As at June 30, 2020, \$209,037 (March 31, 2020 - \$457,751) was included in accounts payable and accrued expenses for amounts owing to key management personnel, directors and companies controlled by key management personnel or directors.

#### b) Aurora Cannabis Inc. "Aurora"

As at June 30, 2020, Aurora held 33,101,542 shares in the Company resulting in a effective ownership of 10.3% of all issued and outstanding shares. As at June 30, 2020 and March 31, 2020, \$480,042 was included in accounts receivable and \$3,187,315 in accounts payable for amounts owing from/to Aurora.

#### c) Equity transactions

##### i) During the three months ended June 30, 2020

During the three months ending June 30, 2020 certain directors and officers were issued 841,585 shares for settlement of debts outstanding of \$138,861.

Certain officers participated in the brokered placement on May 26, 2020 and were issued 300,000 units for gross proceeds of \$55,000. The officers were also issued 300,000 warrants under the terms of the placement.

##### ii) During the three months ended June 30, 2019

There was no activity during the three months ended June 30, 2019.

---

**Radiant Technologies Inc.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
June 30, 2020  
(Unaudited)

---

**9. Related party transactions (cont'd)**

**d) Services provided**

**i) During the three months ended June 30, 2020**

A property management company owned by a director received \$14,600 (net of Canadian emergency commercial rent assistance) for rental lease payments and operating costs associated with the rental of a warehouse required by the Company.

**ii) During the three months ended June 30, 2019**

A property management company owned by a director received \$ 51,756 for rental lease payments and operating costs associated with the rental of a warehouse required by the Company.

**e) Loans and cash advances**

**i) During the three months June 30, 2020**

A director of the company advanced \$2,500,000 of demand loan to the Company during the year ended March 31, 2020. The loan is secured by a second charge on the land and property of the Company and bear interest at 21.0%.

**10. Financing fees**

<b>For the three months ended June 30</b>	<b>2020</b>	<b>2019</b>
Amortization of financing costs on short term borrowings	\$ 73,729	\$ -
Amortization of financing costs on long-term debt	32,259	30,088
Interest on long-term debt	169,740	85,569
Interest on lease obligations	20,437	8,014
Interest on short term borrowings	316,413	-
	<b>\$ 612,578</b>	<b>\$ 123,671</b>

# Radiant Technologies Inc.

## Notes to the Interim Condensed Consolidated Financial Statements

June 30, 2020  
(Unaudited)

### 11. Financial instruments

#### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting its financial obligations.

The Company manages its liquidity risk by forecasting cash flow requirements for its planned development, production and corporate activities and anticipating investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of annual budgets and significant expenditures and commitments. The Company has disclosed (Note 1) that continuation as a going concern is dependent on obtaining sufficient funds to discharge contractual liabilities as well as funding continuing operations.

The Company's contractual liabilities and obligations are as follows:

	<1 year	1 to 3 years	4 to 5 years	>5 years	Total
Accounts payable and accrued liabilities	\$ 13,956,807	\$ -	\$ -	\$ -	\$ 13,956,807
Facility construction liabilities	8,373,499	-	-	-	8,373,499
Short term borrowings	2,836,517	-	-	-	2,836,517
Long-term debt	5,027,083	8,854,167	-	-	13,881,250
Lease liabilities	609,701	1,078,222	488,874	-	2,176,797
<b>Balance June 30, 2020</b>	<b>\$ 30,803,607</b>	<b>\$ 9,932,389</b>	<b>\$ 488,874</b>	<b>\$ -</b>	<b>\$ 41,024,870</b>
Accounts payable and accrued liabilities	\$ 15,341,446	\$ -	\$ -	\$ -	\$ 15,341,446
Facility construction liabilities	8,569,340	-	-	-	8,569,340
Short term borrowings	2,426,271	-	-	-	2,300,000
Long-term debt	4,338,093	9,017,500	-	-	13,355,593
Lease obligations	460,601	420,693	73,293	-	954,587
<b>Balance March 31, 2020</b>	<b>\$ 31,009,480</b>	<b>\$ 9,438,193</b>	<b>\$ 73,293</b>	<b>\$ -</b>	<b>\$ 40,520,966</b>

The contractual liabilities and obligations included in the tables above include both principal and interest cash flows.

### 12. Employee salaries and benefits

	June 30, 2020	June 30, 2019
<b>Included in:</b>		
Cost of sales	\$ 9,767	\$ 28,148
Production plant	65,336	444,815
General and administrative	152,233	497,287
Process development	116,842	328,957
Quality control and assurance	39,112	256,874
Engineering	197,860	320,541
Business development	15,054	50,088
Research and development	24,088	42,821
<b>Total employee salaries and benefits</b>	<b>\$ 620,292</b>	<b>\$ 1,969,531</b>

Employee salaries and benefits for the three months ending June 30, 2020 are net of funding received under the emergency wage subsidy programs in Canada and Germany of \$418,639 (2019 - \$nil).



---

# Radiant Technologies Inc.

## Notes to the Interim Condensed Consolidated Financial Statements

June 30, 2020

(Unaudited)

---

### 13. Post-reporting date events

#### ***Controlled equity offering sales agreement with National Bank Financial Inc. At-the-Market***

Subsequent to June 30, 2020, the Company issued 1,201,500 shares under the ATM agreement for gross proceeds of \$180,760.

#### ***Termination of Grupo Natac, S.L. joint arrangement***

Subsequent to June 30, 2020, the Company finalized the termination of the joint arrangement with Grupo Natac, S.L. through the sale of shares for nominal consideration.