

NAVION CAPITAL INC.

Condensed Interim Financial Statements
For the 9 Months Ended August 31, 2021
Unaudited

(Expressed in Canadian Dollars)

**MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL REPORTING
CONDENSED INTERIM FINANCIAL REPORTING**

The accompanying condensed interim financial statements of Navion Capital Inc. (“the Company”) have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”). Management acknowledges responsibility for the preparation and presentation of the condensed interim financial statements, including responsibility for significant accounting estimates and the choice of accounting principles and methods that are appropriate to the Company’s circumstances.

NAVION CAPITAL INC.Condensed Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

	Note	August 31, 2021	November 30, 2020
Assets			
Current			
Cash		\$ 54,846	\$ 83,253
Total assets		\$ 54,846	\$ 83,253
Liabilities			
Current			
Accounts payable		\$ 19,815	\$ 8,823
Current liabilities		19,815	8,823
Shareholders' equity			
Share capital	4	202,961	202,961
Reserves		40,592	40,592
Deficit		(208,522)	(169,123)
Total shareholders' equity		35,031	74,430
Total liabilities and shareholders' equity		\$ 54,846	\$ 83,253

Nature and continuance of operations (Note 1)

On behalf of the Board on October 27, 2021:

"Peter Hughes" Director_____
"Livio Susin" Director

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

NAVION CAPITAL INC.

Condensed Interim Statements of Loss and Comprehensive Loss

(Unaudited - Expressed in Canadian Dollars)

For the 3 and 9 Months Ended

	Three Months Ended August 31, 2021	Three Months Ended August 31, 2020	Nine Months Ended August 31, 2021	Nine Months Ended August 31, 2020
Expenses				
Office expenses	\$ -	\$ 32	\$ 275	\$ 56
Regulatory & investor communications	2,068	5,761	7,258	7,695
Professional fees	7,590	11,544	31,866	29,253
Loss and comprehensive loss	\$ (9,658)	\$ (17,337)	\$ (39,399)	\$ 37,004)
Basic and diluted loss per share	\$ (0.00)	\$ (0.01)	\$ (0.02)	\$ (0.02)
Weighted average number of common shares outstanding – basic and diluted	2,000,000	2,000,000	2,000,000	2,000,000

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

NAVION CAPITAL INC.

Condensed Interim Statements of Changes in Shareholders' Equity

For the period from November 30, 2019 to August 31, 2021

(Unaudited - Expressed in Canadian Dollars)

	Number	Amount	Reserve	Deficit	Total
Balance, November 30, 2019	4,000,000	\$ 202,961	\$ 40,592	\$ (121,609)	\$ 121,944
Net loss for the period	-	-	-	(37,004)	(37,004)
Balance, August 31, 2020	4,000,000	\$ 202,961	\$ 40,592	\$ (158,613)	\$ 84,940
Net loss for the period	-	-	-	(10,510)	(10,510)
Balance, November 30, 2020	4,000,000	\$ 202,961	\$ 40,592	\$ (169,123)	\$ 74,430
Net loss for the period	-	-	-	(39,399)	(39,399)
Balance, August 31, 2021	4,000,000	\$ 202,961	\$ 40,592	\$ (208,522)	\$ 35,031

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

NAVION CAPITAL INC.

Condensed Interim Statement of Cash Flows
(Unaudited - Expressed in Canadian Dollars)
For the 9 Months Ended

	August 31, 2021	August 31, 2020
Cash flows from operating activities		
Loss for the period	\$ (39,399)	\$ (37,004)
Changes in non-cash working capital balances:		
Increase in accounts payable	10,992	9,567
Net cash used in operating activities	(28,407)	(27,437)
Decrease in cash during the period	(28,407)	(27,437)
Cash, beginning of period	83,253	130,389
Cash, end of period	\$ 54,846	\$ 102,952

There were no non-cash financing or investing activities for the nine months ended August 31, 2021 or August 31, 2020.

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

NAVION CAPITAL INC.

Notes to the Condensed Interim Financial Statements

August 31, 2021

(Unaudited - Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Navion Capital Inc. (the "Company") was incorporated under the Business Corporations Act (Alberta) on October 18, 2017. The principal business of the Company is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT").

In May, 2018, the Company completed its initial public offering (the "IPO") of 2,000,000 common shares at a price of \$0.10 per common share and filed for listing as a Capital Pool Company on the TSX Venture Exchange (the "TSX-V"). The common shares of the Company commenced trading on May 23, 2018 under the trading symbol NAVN.P.

On August 17, 2018 the Company signed a letter of intent ("LOI") with Hollyweed North Cannabis Inc. ("Hollyweed") and on April 1, 2020, the Company terminated its agreement with Hollyweed.

On April 23, 2020, the Company signed a LOI with Daizee Diapers Corp. ("Daizee"), and on June 3, 2020, the Company terminated its agreement with Daizee.

At the Annual and Special Meeting of Shareholders held on June 22, 2021, the Shareholders approved certain amendments made in accordance with the new TSX Venture Exchange Capital Pool Company policy. These updated agreements include changes to the Company's Stock Option Plan and its Escrow agreement; removal of certain consequences of not completing its Qualifying Transaction ("QT") within the previous 24 month time limit; and to permit the payment of a finder's fee to a Non-arms length person in connection with a QT.

The Company's ability to continue as a going concern is dependent upon its ability to complete its QT, to continue raising equity financing, to identify, evaluate and negotiate an acquisition of, a participation in, or an investment of interest. Such an acquisition will be subject to regulatory approval and may be subject to shareholder approval. In order to continue as a going concern and meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. These financial statements do not reflect the adjustments to the carrying value of assets and liabilities, or the impact on the statement of loss and comprehensive loss and financial position classifications that would be necessary were the going concern assumption not be appropriate.

As at August 31, 2021, the Company has a cumulative deficit of \$208,522 (2020 - \$158,613) and a working capital surplus of \$35,031 (2020 - \$84,940). There can be no assurance that a viable business opportunity that can be adequately financed will be identified and available to the Company. Additional equity and/or debt financing is subject to the global financial markets and prevailing economic conditions, which have recently been volatile and distressed. These factors will likely make it more challenging to obtain financing for the Company going forward. These matters and conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The registered office of the Company is located at 639 – 5th Avenue S.W., Suite 1250, Calgary, Alberta, Canada T2P 0M9. The Company does not have any subsidiaries.

NAVION CAPITAL INC.

Notes to the Condensed Interim Financial Statements

August 31, 2021

(Unaudited - Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”). These condensed interim financial statements should be read in conjunction with the Company’s financial statements for the year ended November 30, 2020, which include information necessary or useful to understanding the Company’s business and financial statement presentation.

These financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets. Additionally, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The financial statements of Navion Capital Inc. for the period ended August 31, 2021 were approved and authorized for issue by the Board of Directors on October 27, 2021.

Standards issued but not yet effective

The Company has not yet applied the following new standards, interpretations or amendments to standards that have been issued as at August 31, 2021 but are not yet effective. Unless otherwise stated, the Company does not plan to early adopt any of these new or amended standards and interpretations and intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the financial statements to be material, unless otherwise stated.

Effective for annual periods beginning on or after January 1, 2019:

IFRS 15, Revenue Recognition - Revenue from Contracts with Customers establishes the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16’s approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

NAVION CAPITAL INC.

Notes to the Condensed Interim Financial Statements

August 31, 2021

(Unaudited - Expressed in Canadian Dollars)

3. SHARE CAPITAL

(a) Authorized share capital:

As at August 31, 2021, the authorized share capital of the Company was as follows:

- an unlimited number of Class A common shares, of which there are 4,000,000 Class A common shares outstanding. Class A common shares are entitled to one vote per Class A common share, shall be entitled to receive and participate in any dividends declared, subject to the rights of the holders of the preferred shares.
- An unlimited number of Class B common shares, of which none are issued and outstanding. Class B shares are not entitled to voting rights and may receive dividends after preferred shares and Class A common shares; and
- An unlimited number of preferred shares without par value, of which none are issued and outstanding. Preferred shares may be issued from time to time in one or more series having the rights, privileges, restrictions and conditions which the board of directors determines prior to the issue. Preferred shares rank prior to the commons shares with respects to the payment of dividends.

As at August 31, 2021, 2,000,000 Class A common shares are held in escrow.

(b) Share issuance costs

Share issuance costs for the year ended November 30, 2018 were \$97,039 in relation to the IPO which occurred on May 18, 2018. Of the \$97,039 in share issuance costs, \$10,591 in fair value was recorded in relation to 200,000 non-transferable options issued to the agent of the IPO (see Black-Scholes options pricing model assumptions below).

(c) Stock options

There was no stock option activity during the periods ended August 31, 2021 or 2020. A summary of stock option activity for the year ended November 30, 2020 and the period ended November 30, 2019 is as follows:

	Year ended November 30, 2020		Period ended November 30, 2019	
	Number of options	Weighted avg. exercise price	Number of options	Weighted avg. exercise price
Outstanding, beginning of the period	400,000	\$ 0.10	400,000	\$ 0.10
Granted	-	\$ -	-	\$ -
Exercised	-	\$ -	-	\$ -
Outstanding, end of period	400,000	\$ 0.10	400,000	\$ 0.10
Exercisable, end of period	400,000	\$ 0.10	400,000	\$ 0.10

In addition to the above, pursuant to the closing of the IPO, the Company granted 200,000 non-transferable agent's options. The agents' options, which vested immediately, were exercisable at a price of \$0.10 per common share until May 23, 2020 and expired unexercised.

NAVION CAPITAL INC.

Notes to the Condensed Interim Financial Statements

August 31, 2021

(Unaudited - Expressed in Canadian Dollars)

3. SHARE CAPITAL (continued)

(c) Stock options (continued)

In 2018 the Company granted 400,000 options to directors and officers of the Company. The options, which vested immediately, may be exercised at a price of \$0.10 per common share for a period of five years from the date of the agreement. In 2018 the Company recorded \$30,001 in share-based compensation in the statement of loss and comprehensive loss pursuant to these options.

The fair value of each stock option is estimated at the date of grant using the Black-Scholes options pricing model and the following weighted average assumptions:

	November 30, 2018
Risk-free interest rate	2.00%
Expected life	4.00
Expected volatility	100%
Dividend yield	0.00%

At August 31, 2021, the weighted average remaining contractual life of the outstanding options is 1.71 years.

At August 31, 2021, there were 400,000 stock options outstanding entitling the holders thereof the right to purchase one common share for each option held. The options have an exercise price of \$0.10 and expire on May 18, 2023.

4. RELATED PARTY TRANSACTIONS

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and includes certain executive directors, and entities controlled by such persons.

For the nine months ended August 31, 2021, the Company incurred professional fees of \$19,055 (2020 - \$25,304) from a company of which a director is a partner.

5. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

NAVION CAPITAL INC.

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(Unaudited - Expressed in Canadian Dollars)

6. FINANCIAL INSTRUMENTS AND RISK

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.

At August 31, 2021, the Company's financial instruments consist of cash and due to related party. The fair value of cash is based on level 1 inputs of the fair value hierarchy. The fair value of accounts payables and accrued liabilities approximates its carrying values due to the relatively short-term to maturity.

The Company is exposed to a variety of financial instrument related risks. 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. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high credit quality financial institution.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. As at August 31, 2021, the Company had cash of \$54,846 (2020 - \$102,952) and due to related party of \$12,315 (2020 - \$271).

Interest rate risk

The Company has cash balances and is not exposed to any significant interest rate risk.