Unaudited Condensed Interim Consolidated Financial Statements of

GREEN RISE FOODS INC.

(Formerly Green Rise Capital Corporation)

For the three and nine months ended September 30, 2021

(Canadian Dollars)

Notice of No Auditor Review of Condensed Interim Financial Statements

Under National Instrument 51-102, Continuous Disclosure Obligations, if an auditor has not performed a review of condensed interim financial statements, they must be accompanied by a notice indicating that such financial statements have not been reviewed by an auditor. The accompanying unaudited condensed interim financial statements of Green Rise Foods Inc. (the "Company") have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed interim financial statements by an entity's auditor.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(unaudited)

(thousands)	**September 30, 2021**	December 31, 2020
Assets		
Current Assets:		
Cash	**$ -**	$ 3,057
Trade and other receivables	**2,026**	684
Inventory	**542**	141
Bearer plants (note 4)	**792**	392
Biological assets (note 4)	**667**	-
Prepaid expenses	**880**	376
	4,907	4,650
Property, plant and equipment (note 5)	**44,707**	27,503
Total Assets	**$ 49,614**	$ 32,153
Liabilities		
Current Liabilities		
Bank indebtedness	**2,344**	-
Trade payables	**$ 3,841**	$ 1,831
Current portion of lease obligation (note 6)	**87**	81
Current portion of long-term debt (note 7)	**2,003**	1,253
	8,275	3,165
Lease obligation (note 6)	**189**	236
Long-term debt (note 7)	**29,864**	18,945
Deferred income tax liability	**1,996**	1,855
Total Liabilities	**40,324**	24,201
Equity		
Share Capital (note 8)	**4,078**	4,030
Contributed Surplus (note 9)	**1,832**	1,637
Retained Earnings	**3,380**	2,285
Total Equity	**9,290**	7,952
Total Liabilities and Equity	**$ 49,614**	$ 32,153

Approved by the Board of Directors

(Signed) "Vincent Narang"	*(Signed) "Jerry Mancini"*
Director	*Director*

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE EARNINGS (unaudited)

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

(unaudited)

(thousands, except share and per share amounts)	**Three-months ended Sept 30, 2021**	Three-months ended Sept 30, 2020	**Nine-months ended Sept 30, 2021**	Nine-months Ended Sept 30, 2020
Revenue (note 11)	**$ 7,514**	$ 6,633	**$ 14,927**	$ 12,586
Cost of sales (note 12)[1]	**(6,862)**	(3,921)	**(13,018)**	(7,763)
Gross income	**652**	2,712	**1,909**	4,823
Selling, general and administrative expenses (note 12)[1]	**(610)**	(763)	**(2,499)**	(1,383)
Income (loss) from operations	**42**	1,949	**(590)**	3,440
Interest expense	**(266)**	(229)	**(832)**	(696)
Bargain purchase gain (note 3)	**30**	-	**1,962**	-
Income (loss) before income taxes	**(194)**	1,720	**540**	2,744
Deferred income tax (expense) recovery	**88**	(501)	**555**	(866)
Net earnings (loss) and comprehensive earnings (loss) for the period	**(106)**	1,219	**1,095**	1,878
Basic and diluted income per share	**$ (0.00)**	$ 0.02	**$ 0.02**	$ 0.03
Weighted average number of common shares outstanding	**46,944,483**	54,199,854	**47,038,778**	57,983,781

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

1. Depreciation of $240 ($80 for the 3-month period ending September 30, 2020) in the comparative period, was reclassified from cost of sales to selling, general and administrative expenses to conform to the current year's presentation. Refer to note 12.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(unaudited)

For the nine-month periods ended September 30, 2021 and 2020

(thousands except share amounts)	Number of shares	Share Capital ($)	Contributed Surplus ($)	Retained Earnings ($)	Total Equity ($)
Balance, December 31, 2020	**44,922,402**	**$4,030**	**$1,637**	**$2,285**	**$ 7,952**
Stock options exercised (note 9)	216,667	48	-	-	48
Stock based compensation (note 9)	-	-	195	-	195
Net earnings for the period	-	-	-	1,095	1,095
Balance, September 30, 2021	**45,139,069**	**$ 4,078**	**$ 1,832**	**$ 3,380**	**$ 9,290**

	Number of shares	Share Capital ($)	Contributed Surplus ($)	Retained Earnings ($)	Total Equity ($)
Balance, December 31, 2019	59,896,535	$ 5,828	$ 1,521	$ 1,420	$ 8,769
Stock based compensation (note 9)	-	-	32	-	32
Shares purchased for cancellation	(14,974,133)	(1,647)	-	-	(1,647)
Costs related to shares purchased for cancellation	-	(139)	-	-	(139)
Net earnings for the period	-	-	-	1,878	1,878
Balance, September 30, 2020	44,922,402	$ 4,042	$ 1,553	$ 3,298	$ 8,893

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

For the nine-month periods ended September 30, 2021 and 2020

(thousands)	Sept 30, 2021	Sept 30, 2020
Cash provided by (used in):		
Operating activities:		
Net earnings for the period	**$ 1,095**	$ 1,878
Adjustments for:		
Depreciation and amortization of property, plant and equipment and amortization of bearer plants	**4,381**	2,831
Amortization of deferred financing fees	**14**	-
Biological asset gain (note 4)	**(667)**	(279)
Impairment of bearer plants (note 4)	**1,077**	-
Bargain purchase gain (note 3)	**(1,962)**	-
Stock based compensation (note 9)	**195**	32
Deferred income tax expense (recovery)	**(555)**	791
Net changes in non-cash working capital		
Trade receivable	**(1,342)**	(1,341)
Inventory	**(401)**	(61)
Prepaid expenses	**(324)**	(75)
Trade payable	**1,117**	660
Net cash inflow from operating activities	**2,628**	4,436
Investing activities:		
Costs incurred on bearer plants (note 4)	**(3,334)**	(2,074)
Acquisition of Mor Gro Farms Inc. greenhouse (note 3)	**(15,858)**	-
Acquisition of property, plant and equipment	**(451)**	(61)
Net cash outflow from investing activities	**(19,643)**	(2,135)
Financing activities:		
Proceeds from long-term loan with Bank (note 7)	**13,000**	-
Repayment of long-term debts with Bank (note 7)	**(1,345)**	(700)
Repurchase of common shares	**-**	(1,786)
Payment of lease obligations (note 6)	**(41)**	(68)
Net cash inflow (outflow) from financing activities	**11,614**	(2,554)
Change in cash during the period	**(5,401)**	(253)
Cash - Beginning of period	**3,057**	2,919
Cash (Deficit) - End of period	**$ (2,344)**	$ 2,666

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

For the three and nine-month periods ended September 30, 2021 and September 30, 2020

(Tabular amounts in thousands)

1. Nature of operations

Green Rise Foods Inc. (formerly Green Rise Capital Corporation and hereinafter "Green Rise" or "the Company") is a grower of fresh produce with 51 acres of greenhouse ranges located in Leamington, Ontario. As noted in note 3, the Company acquired, on February 1, 2021, a second range in Kingsville, Ontario increasing the acres of greenhouse ranges that it owns and operates by 22 to 73-acres.

The Company's common shares are listed on the Toronto Venture Stock Exchange (the "TSX-V") under the trading symbol "GRF.V".

On October 16, 2020 the Company officially changed its name from Green Rise Capital Corporation to Green Rise Foods Inc. The name change received shareholder approval at its annual general and special meeting of shareholders held on July 8, 2020 and from the TSX Venture Exchange on October 16, 2020.

The address of the Company's registered office is 47 Colborne Street, Suite 301, Toronto, Ontario, M5E 1P8, Canada.

The seasonal operation consists of the growing, packaging and the sale of produce to two major customers.

2. Basis of preparation

a) Statement of Compliance

The unaudited condensed interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standard IAS 34 – Interim Financial Reporting. The unaudited condensed interim consolidated financial statements, prepared in conformity with IAS 34, follow the same accounting principles and methods of application as the most recent audited annual consolidated financial statements. Since the unaudited condensed interim consolidated financial statements do not include all disclosures as required by the International Financial Reporting Standards ("IFRS") for annual financial statements, they should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2020.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on November 11, 2021.

b) Accounting standards issued but not yet effective

A number of new accounting standards, amendments to standards, and interpretations have been issued but not yet effective up to the date of the issuance of the Company's unaudited condensed interim consolidated financial statements. The Company intends to adopt the standards when they become effective. The Company is currently assessing the impact of these standards to its financial statements. For a list of these new accounting standards, refer to the December 31, 2020 audited annual consolidated financial statements of the Company.

ESTIMATES:

Leases:

The Company uses judgement to determine the incremental borrowing rate used to calculate the initial liability and corresponding asset. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, with a similar security, the funds necessary to obtain an asset of a similar value to the right-of use asset in a similar economic environment.

Estimated fair value of biological asset

The estimates and underlying assumptions are reviewed on an ongoing basis. The most significant estimates include those related to the valuation of biological assets (Note 4). Biological assets are measured at the fair value less costs to sell, which is calculated as expected sales of harvested biological produce, less costs to sell and costs to complete. Management estimates the sales price of the produce on the vine by utilizing actual sales prices in the following period, estimates the expected yield based on historical production and estimates the costs to sell and costs to complete, which includes packaging and transportation costs. Stage of growth and remaining costs to complete for in-progress produce are estimated by management based on historical production. The estimated inputs are subject to fluctuations based on the timing and prevailing growing conditions and market conditions.

JUDGMENTS:

Bearer assets

The classification of bearer assets is a significant judgment. Expenditures for bearer assets are recorded in investing activities on the statement of cash flows. Bearer assets are depreciated based on the estimated yield profile of the plants over their life. The amounts and timing of recorded expense for depreciation of bearer plants for any period are affected by the estimate of useful lives.

3. Mor Gro Farms Inc. Net Asset Acquisition

On February 1, 2021, the Company purchased a greenhouse property and accompanying land, located in Kingsville, Ontario, for a purchase price of $15.9 million. The transaction constitutes a business combination under IFRS 3 – Business Combinations. In accordance with the acquisition method of accounting, the purchase price has been allocated to the underlying assets acquired and liabilities assumed, based primarily on their estimated fair values at the date of the acquisition. The Company used a combination of a direct comparison approach and a discounted cash flow model (net present value of expected future cash flows) to determine the fair value of the assets acquired. The purchase price allocation is summarized in the following table:

Purchase Price Cash Consideration[1]	***($000s)***
Total Cash Consideration	**15,858**
Net Identifiable Assets Acquired	
Property, plant and equipment	18,455
Bearer plants	811
Other assets	180
Accounts payable and contracts assumed	(930)
Deferred tax liability	(696)
Total net assets acquired	17,820
Bargain purchase gain	1,962

1. **The purchase price allocation for the Mor Gro Farms Inc. net asset acquisition is not final and subject to change as the Company completes the valuation of the assets acquired and liabilities assumed.**

4. Bearer plants & Biological assets

Bearer plants

A reconciliation of beginning and ending balance of bearer plant assets is as follows:

($000s)	**September 30, 2021**	December 31, 2020
Bearer plants – beginning of the period	**392**	-
Additions	**4,153**	2,563
Impairment in bearer plants	**(1,077)**	-
Depreciation of bearer plants	**(2,676)**	(2,171)
Bearer plants – end of the period	**792**	392

Bearer plant costs of $792, as at September 30, 2021, consist of costs directly attributable to bringing the bearer plants to the location and condition necessary for them to be capable of operating in the manner intended by management, including costs of site preparation. In Q1 of this year the Company lost its original crop at its newly acquired Mor Gro Farms Inc. greenhouse which resulted in an impairment charge of $1,077.

Biological assets

The Company did not have any biological assets as at December 31, 2020 however it did have biological assets as at September 30, 2021, consisting of tomatoes growing on the vines. These tomatoes were harvested and sold in the fourth quarter. The growing cycle for each harvest is approximately six weeks.

The change in carrying value of the Company's biological assets is as follows:

($000s)	September 30, 2021
Biological assets – beginning of the period	-
Net change in unrealized gains due to biological asset transformation	667
Biological assets – end of the period	667

In determining the carrying amount of biological assets, which are measured at fair value less costs to sell, the following significant unobservable inputs, all of which are classified as Level 3 on the fair value hierarchy, are used by management as part of this model:

- Selling price and yield – determined using the actual selling price per pound and yield in the following period; and
- Post-harvest costs – calculated as the harvesting and overhead costs for the six weeks following period, consisting of the cost of direct and indirect materials and labour related to packaging.

5. Property, plant and equipment:

($000s)	Land	Greenhouse	Buildings	Machinery and equipment	Computers and software	Vehicle	Right-of-use assets	Total
Cost:								
Balance – December 31, 2020	2,054	24,668	499	3,483	0	0	378	**31,082**
Additions	1,816	12,741	2,192	2,105	22	30	-	**18,906**
Balance – September 30, 2021	3,870	37,409	2,691	5,588	22	30	378	**49,988**
Accumulated depreciation:								
Balance – December 31, 2020	-	2,669	67	770	-	-	73	**3,579**
Additions	-	1,154	69	416	6	2	55	**1,702**
Balance – September 30, 2021	-	3,823	136	1,186	6	2	128	**5,281**
Net book value								
Balance – September 30, 2021	3,870	33,586	2,555	4,402	16	28	250	**44,707**
Net book value								
Balance – December 31, 2020	2,054	21,999	432	2,713	-	-	305	27,503

6. Lease obligations

Continuity schedule:

($000s)	**September 30, 2021**	December 31, 2020
Lease obligation – beginning of the period	**317**	91
Arising during the period	**-**	285
Lease payments, excluding interest	**(41)**	(59)
Less: Current potion	**(87)**	(81)
Long term lease obligation – end of the period	**189**	236

Balance sheet summary:

($000s)	**September 30, 2021**	December 31, 2020
Current lease obligation -end of period	**87**	81
Long term lease obligation -end of period	**189**	236
Total lease obligation – end of the period	**276**	317

The lease payments are discounted using the interest rate implicit in the lease, or if that cannot be determined, the Company's incremental borrowing rate.

In Q1 of fiscal 2020, the Company leased office space for its head office with a value of $262 with an effective interest rate of 5.5% with blended monthly payments of $4,894 plus applicable taxes and common area expenses for 60 months ending December 31, 2025.

In Q3 of fiscal 2020, the Company leased a truck with a value of $23, with an effective interest rate of 3.0% with blended biweekly payments of $306 plus applicable taxes for 36 months ending September 17, 2023.

In Q4 of fiscal 2019 the Company leased equipment with a value of $93 at an effective annual interest rate of 5.5%, with blended monthly payments of $1,515 plus applicable taxes for 72 months ending in October 2025.

7. Long-term debt

Continuity schedule:

($000s)		**September 30, 2021**	December 31, 2020
Loans and mortgages -beginning of the period		**20,254**	16,188
Arising during the period		**13,000**	5,000
Repayments during the period		**(1,345)**	(934)
Less: Current portion		**(2,003)**	(1,253)
Long-term portion	**3**	**29,906**	19,001
Deferred financing fees		**(42)**	(56)
Long-term portion, net of deferred financing fees		**29,864**	18,945

Balance sheet summary:

($000s)	**September 30, 2021**	December 31, 2020
Current portion of long-term debt -end of period	**2,003**	1,253
Long term portion of long-term debt -end of period	**29,864**	18,945
Total long-term debt obligation – end of the period	**31,867**	20,198

During the first quarter of this year, the Company entered into a first mortgage agreement with the Royal Bank of Canada in the amount of $13,000 for a term of seven years. The mortgage bears interest at 2.85% per annum with monthly payments of $89 representing blended payments of interest and principal. Proceeds from this mortgage were used entire to fund the Mor Gro Farms Inc. asset acquisition which closed on February 1, 2021 (refer to note #3).

In December 2020, Bull Market entered into a second loan agreement with the Royal Bank of Canada in the amount of $5,000 for a term of three years. The second loan bears interest of 1.95% per annum with monthly payments of $32 representing blended payments of interest and principal. Proceeds from this mortgage were used entirely to repay a $5,000 promissory note that was used to fund the original purchase by Bull Market, of the 51 acres of greenhouse ranges and other assets, on June 15, 2018. This promissory note bore interest of 5.5% per annum with payments of $23 monthly representing interest only.

In 2018, Bull Market entered into a first loan agreement with the Royal Bank of Canada in the amount of $17,500 for a term of five years. The loan bears interest of 3.99% per annum with monthly payments of $129 representing blended payments of interest and principal.

Credit Facility

On November 16, 2020, the Company's credit facility was increased by $1,500 to $3,500. On January 13, 2021 the Company's credit facility was increased by an additional $1,500 to $5,000. As at September 30, 2021 there was $2,344 drawn (December 31, 2020 nil). The facility must be paid in the fiscal year, is repayable on demand and carries an interest rate of bank prime plus 1.00% per annum.

8. Share capital

	Number of Shares	Amount *($000s)*
Common shares:		
Common Shares, December 31, 2020	44,922,402	4,030
Stock options exercised (i, ii and iii)	216,667	48
Common Shares, September 30, 2021	45,139,069	4,078

i. On May 31, 2021, 100,000 stock options were exercised by a former director at a price of $0.20 each for total proceeds of $20 thousand.

ii. On May 31, 2021, 50,000 stock options were exercised by a director at a price of $0.24 each for total proceeds of $12 thousand.

iii. On June 1, 2021, 50,000 stock options were exercised by a director at a price of $0.24 each for total proceeds of $12 thousand.

iv. On August 31, 2021, 16,667 stock options were exercised by an employee at a price of $0.24 each for total proceeds of $4 thousand.

9. Contributed surplus

Stock Option Plan

The Company has implemented a rolling stock option plan as it reserves a maximum of 10% of the issued and outstanding common shares of the Company for issuance under the Stock Option Plan. Options granted shall vest one third on each anniversary date and are exercisable for a period of up to ten years.

Shared Based Compensation

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2020	**2,450,000**	$0.23
Exercised during the year (i)	**(216,667)**	$0.22
Balance at June 30, 2021	**2,233,333**	$0.23

i. During the second quarter, 100,000 stock options with a strike price of $0.20 and 100,000 stock options with a strike price of $0.24 were exercised. In the third quarter 16,667 stock options with a strike price of $0.24 were exercised. Refer to note 8 for further details

The Company recorded stock-based compensation expense of $195 for the nine-months ended September 30, 2021 ($32 for the nine-months ended September 30, 2020). For the three months ended September 30, 2021 the Company recorded stock-based compensation of $57 thousand ($24 for the three month period ended September 30, 2020).

10. Related party transactions

Key management personnel are those persons having authority for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and members of its Board of Directors. For the nine-month period ended September 30, 2021, the Company expensed $702 thousand in compensation ($170 thousand in compensation for the three-month period ended September 30, 2021) as compared to $248 thousand for the nine-month period ended September 30, 2020 ($127 thousand for the three-month period ended September 30, 2020).

11. Revenue

($000s)	**For the three-month period ended Sept 30, 2021**	For the three-month period ended Sept 30, 2020	**For the nine-month period ended Sept 30, 2021**	For the nine-month period ended Sept 30, 2020
Sales of tomatoes	**$7,367**	$6,492	**$14,485**	$12,163
Rent[1]	**147**	141	**442**	423
Total	**$7,514**	$6,633	**$14,927**	$12,586

1) The Company leased a portion of the greenhouse space for a three-year period, with two 1-year extension options. The lease is expected to expire no later than June 2023.

12. Expenses by nature

The following table outlines the Company's significant expenses by nature:

($000s)	**For the three-month period ended Sept 30, 2021**	For the three-month period ended Sept 30, 2020	**For the nine-month period ended Sept 30, 2021**	For the nine-month period ended Sept 30, 2020
Cost of sales[1]				
Raw materials and consumables used	**$1,638**	$779	**$4,564**	$2,447
Labor	**2,162**	1,470	**4,725**	2,755
Depreciation (note 5)[1]	**2,153**	1,190	**4,102**	2,591
Unrealized loss (gain) on change in fair value of biological assets (note 4)	**803**	418	**(667)**	(279)
Repairs and maintenance	**106**	64	**294**	249
Total	**$6,862**	$3,921	$13,018	$7,763

(000s)	**For the three-month period ended Sept 30, 2021**	For the three-month period ended Sept 30, 2020	**For the nine-month period ended Sept 30, 2021**	For the nine-month period ended Sept 30, 2020
Selling, general and administrative expenses[1]				
Salaries	**$144**	$200	**$672**	$312
Marketing board fees	**17**	-	**45**	44
Insurance	**78**	42	**200**	98
Depreciation[1]	**94**	80	**279**	240
Office rent	**14**	19	**56**	50
Professional services	**98**	363	**409**	445
Other	**165**	59	**838**	194
Total	**$610**	$763	**$2,499**	$1,383

1) Depreciation included in selling, general and administrative expenses relate to the depreciation of the greenhouse range that is being leased to one of our customers and the amortization relating to the Green Rise Head Office. A total of $160 of depreciation ($80 for the three-month period), relating to the amortization on the 15 acres of greenhouse range being leased, was reclassified in the comparative period from production costs and into selling, general and administrative expenses to conform to the current period's presentation.

13. Financial instruments

The Company's financial assets and financial liabilities have been classified into categories that determine their basis of measurement. These amounts are initially recognized at fair value and subsequently are measured at amortized cost. The fair value of these amounts approximates their carrying values. All other assets and liabilities are determined using Level 3 of the fair value hierarchy.

Fair values of financial instruments are determined by valuation methods depending on the hierarchy levels as defined below:

- Level 1 – quoted market price in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted market prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. observed prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the assets or liabilities that are not based on observable market data.

Assets/Liabilities	Category	Measurement	September 30, 2021	December 31, 2020
Cash	Financial asset	Amortized cost	-	3,057
Trade receivables	Financial asset	Amortized cost	1,218	60
Line of Credit	Financial liabilities	Amortized cost	2,344	-
Trade payables	Financial liabilities	Amortized cost	3,841	1,831
Lease obligations	Financial liabilities	Amortized cost	276	317
Long-term debt	Financial liabilities	Amortized cost	31,867	20,198

Management of financial risk

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk and interest rate risk.

Credit risk

The exposure to credit risk arises through the failure of a customer or another third party to meet its contractual obligations to the Company. The Company believes its maximum exposure to credit risk as at September 30, 2021 is the carrying value of its trade receivables. As at September 30, 2021 all trade receivables were held primarily with two customers and all amounts were collected subsequent to the period ended.

Liquidity risk

Liquidity risk is the risk the Company will not be able to meet its obligations as they fall due. It is the Company's intention to meet its obligations through the collection of current accounts receivable and cash from sales. The Company has in place a planning and forecasting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company is exposed to risks related to seasonality as there is limited revenue from January through March. If the current resources and cash generated from operations is insufficient to satisfy its obligations, the Company has a credit facility of $5,000 (December 31, 2020: $3,500) of which $2,344 was drawn as at September 30, 2021 (December 31, 2020: $NIL). The Company ensures there is sufficient available capital to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its cash holdings.

All current liabilities are expected to be settled within one year.

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's loans have fixed rates of interest and are therefore subject to the risk of changes in fair value if the prevailing interest rate were to increase or decrease.

Management of capital risk

The Company's objectives when managing capital are to safeguard its assets and maintain a competitive cost structure, continue as a going concern and provide returns to its shareholders. In addition, the Company works with all relevant stakeholders to ensure the safety of its operations and employees and to remain in compliance with all environmental regulations.

14. Commitments and Contingencies

As at September 30, 2021, the Company had $207 relating to purchase commitments. These commitments relate to packaging supplies and commitments to acquire gas through to November 2022. These contracts were assumed as part of the Mor Gro Farms Inc. acquisition and have been recorded in trade payables on the Company's balance sheet.

Purchase commitments consist primarily of commitments to pay for raw material inputs for the 2021 and 2022 Crop seasons that were entered into during the period but have or will be delivered to the Company's greenhouse ranges subsequent to the period end.

The Company has entered into an agreement with a customer for a 10-year period to supply produce at prevailing market prices.

Contingencies

The Company may be involved in legal proceedings from time to time arising in the ordinary course of business. Contingencies will be accrued when the outcome is probable, and the amount can be reasonably estimated. Based on the Company's knowledge of events at September 30, 2021, no such matters were identified requiring accrual.