

April 6, 2021

NOTICE TO READER

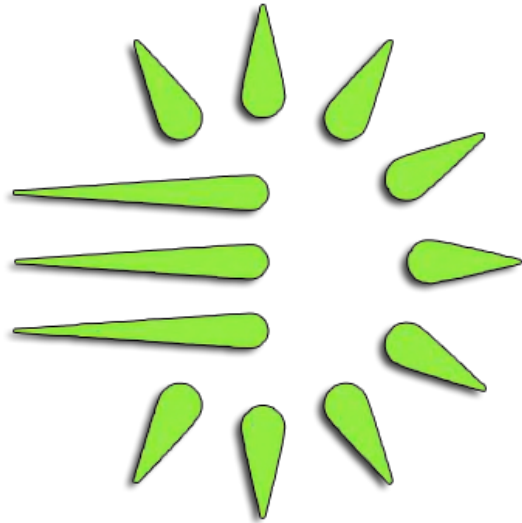
The accompanying consolidated financial statements of EnerDynamic Hybrid Technologies Corp. for the year ended November 30, 2020, which includes comparison period information for the year ended November 30, 2019, have been revised to comply with the Canadian Auditing Standard (CAS) 720, *The Auditor's Responsibilities relating to Other Information*.

The consolidated financial statements, filed on March 30, 2021, did not include a clause related to "Other Information" within the Independent Auditor's Report issued by the Company's auditors.

The accompanying revised consolidated financial statements for the year ended November 30, 2020, which includes comparison period information for the year ended November 30, 2019, contains the amended Independent Auditor's Report.

The revised consolidated financial statements reflect only the addition of the above clause to the Independent Auditor's Report.

Except as set forth in this notice to reader, no other changes have been made.



EnerDynamic Hybrid Technologies Corp.

Consolidated Financial Statements

For the Year Ended November 30, 2020

(Expressed in Canadian Dollars)

EnerDynamic Hybrid Technologies Corp.

Consolidated Financial Statements For the Year Ended November 30, 2020 and 2019 (Expressed in Canadian Dollars)

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COVID-19

The worldwide pandemic situation of Covid-19 has caused significant future uncertainty. Business interruption due to government mandated closure of non-essential services, self-isolation, quarantine and other measures by businesses and people in general have led to disruption to worldwide commerce. The future impact of the pandemic situation to the economy, various industries, and the environment in which the Company currently operates cannot be assessed with any certainty.



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of EnerDynamic Hybrid Technologies Corp.

Opinion

We have audited the accompanying consolidated financial statements of EnerDynamic Hybrid Technologies Corp. (the "Company") which comprise the statements of financial position as at November 30, 2020 and 2019, and the statements of operations and comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2020, and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the consolidated financial statements, which indicates that the Company incurred a net loss of \$5,500,096 during the year ended November 30, 2020 and, as of that date, the Company had a deficit of \$93,311,494 and a shareholders' deficiency of \$32,393,281. These conditions, along with other matters as set forth in Note 2 indicate the existence of a material uncertainty that cast significant doubt about the ability of the Company to continue as a going concern. The consolidated financial statements have been prepared assuming that the Company will continue as a going concern and do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ♦ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT

- ♦ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ♦ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ♦ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ♦ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Louis Sapi.

HS + Partners LLP

MISSISSAUGA, Ontario
March 30, 2021

Chartered Professional Accountants
Licensed Public Accountants

EnerDynamic Hybrid Technologies Corp.
Consolidated Statements of Financial Position
As at November 30, 2020 and 2019

	Notes	2020 \$	2019 \$
Assets			
Current Assets			
Cash		184,889	132,825
Accounts receivable	7	113	11,014
Inventories	8	392,090	609,411
Prepaid expenses	9	246,369	168,915
Other current assets	10	77,889	303,678
Due from related party	14	144,548	-
		1,045,898	1,225,843
Non-Current Assets			
Property and equipment (net)	11	176,363	324,062
Right-of-Use asset (net)	19	1,015,034	-
Intangible assets (net)		1	1
		1,191,398	324,063
		2,237,296	1,549,906
Liabilities and Shareholders' Equity (Deficiency)			
Current Liabilities			
Accounts payable and accrued liabilities		10,936,288	11,461,598
Current portion of lease liability	19	280,512	-
Debenture interest payable	16	8,308,007	6,559,001
Due to related parties	14	1,025,788	1,000,119
Convertible 6.5% debenture payable	16	3,000,000	3,000,000
18% debentures payable	16	10,070,500	10,070,500
		33,621,095	32,091,218
Non-Current Liabilities			
Canada government loan	17	80,000	-
Lease liability	19	929,482	-
		1,009,482	-
		34,630,577	32,091,218
Shareholders' Equity (Deficiency)			
Share capital	13	36,832,886	35,420,461
Contributed surplus		6,368,889	5,895,889
Warrants	13	17,716,438	15,953,736
Deficit		(93,311,494)	(87,811,398)
		(32,393,281)	(30,541,312)
		2,237,296	1,549,906

Approved on behalf of the board

"Signed"

John Gamble, Director

"Signed"

Bruce Bent, Director

See accompanying notes

EnerDynamic Hybrid Technologies Corp.
Consolidated Statements of Operations and Comprehensive Income (Loss)
For the Years Ended November 30, 2020 and 2019

	Note	2020 \$	2019 \$
Revenue			
Product revenues	4	219,269	135,714
		219,269	135,714
Direct Cost of Revenue			
Cost of goods sold		208,118	78,836
Production related costs		176,147	249,172
Production related occupancy		43,602	362,933
Production related amortization	11,12	238,425	301,540
Inventory and license fee written down	8	63,055	216,385
Government wage subsidy		(270,071)	-
		459,276	1,208,866
Gross Loss		(240,007)	(1,073,152)
Expenses			
General and administrative		944,060	803,874
Marketing and promotion		64,344	1,108
Travel		65,669	98,897
Stock-based compensation expense	13	473,000	323,000
Administrative related occupancy		71,269	96,520
Administrative related amortization	11	29,245	16,511
Research and development	4	846,491	966,170
Legal and professional		296,753	312,176
Regulatory		183,951	134,657
Bad debt expense		288	163,158
Loss (gain) on foreign exchange		(65,641)	(21,683)
Interest expense	16,19	2,194,822	1,918,438
Total Expenses		5,104,251	4,812,826
Loss Before Other Income (Expenses)		(5,344,258)	(5,885,978)
(Gain)/Loss on disposal of assets	4	(10,632)	58,790
Re-location expense		647	41,106
Project Advance write-down		-	300,000
Legal settlement provision		165,823	4,183,739
Total Other (Income) Expenses		155,838	4,583,635
Net and Comprehensive Loss		(5,500,096)	(10,469,613)
Basic and diluted weighted average number of shares:	15	387,559,653	312,739,003
Basic and diluted loss per share:		(\$0.01)	(\$0.03)

See accompanying notes

EnerDynamic Hybrid Technologies Corp.
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
For the Years Ended November 30, 2020 and 2019

	Common Shares Amount	2020 \$	Common Shares Amount	2019 \$
Common share capital				
Balance at the beginning of the year	339,976,215	35,272,434	275,698,215	33,960,941
Common shares issued for private placements	36,059,400	866,429	49,500,000	1,099,613
Common shares issuance on conversion of debts	47,938,601	788,471	14,778,000	367,287
Share issue costs	-	(242,475)	-	(155,407)
Balance at the end of the year	<u>423,974,216</u>	<u>36,684,859</u>	<u>339,976,215</u>	<u>35,272,434</u>
Equity Portion of Debentures				
Balance at the beginning of the year		148,027		148,027
Addition and/or adjustments		-		-
Balance at the end of the year		<u>148,027</u>		<u>148,027</u>
Total Share Capital		<u>36,832,886</u>		<u>35,420,461</u>
Contributed surplus				
Balance at the beginning of the year		5,895,889		5,572,889
Issuance of stock-based compensation		473,000		323,000
Balance at the end of the year		<u>6,368,889</u>		<u>5,895,889</u>
Warrants capital				
Balance at the beginning of the year		15,953,736		14,314,524
Warrants issued for private placements		763,987		1,262,599
Issuance of warrants on account of debt		998,715		376,613
Balance at the end of the year		<u>17,716,438</u>		<u>15,953,736</u>
Accumulated deficit				
Balance at the beginning of the year		(87,811,398)		(77,341,785)
Net and comprehensive loss for the year		(5,500,096)		(10,469,613)
Balance at the end of the year		<u>(93,311,494)</u>		<u>(87,811,398)</u>
Total shareholders' deficiency		<u>(32,393,281)</u>		<u>(30,541,312)</u>

EnerDynamic Hybrid Technologies Corp.
Consolidated Statements of Cash Flows
For the Years Ended November 30, 2020 and 2019

	2020 \$	2019 \$
Operating activities		
Net loss for the year	(5,500,096)	(10,469,613)
Amortization	267,670	318,051
Non-cash stock-based compensation expense	473,000	323,000
Gain on sale of equipment	(10,632)	-
Non-cash interest	308,317	-
	(4,461,741)	(9,828,562)
Changes in non-cash working capital		
Accounts receivable	10,901	165,487
Inventories	217,321	270,979
Prepaid expenses	(77,454)	113,123
Other current assets	225,789	(24,673)
Accounts payable and accrued liabilities	1,261,876	5,171,629
Debenture interest payable	1,749,006	1,807,586
Due from related parties	(144,548)	-
Due to related parties	25,669	(114,403)
	3,268,560	7,389,728
Investing activities		
Capital asset additions	(2,310)	(53,590)
Proceeds on sale of equipment	19,850	-
	17,540	(53,590)
Financing activities		
Common shares and warrants issued	1,387,941	2,206,805
Lease rent paid	(240,236)	-
Canada emergency loan	80,000	-
	1,227,705	2,206,805
Net increase (decrease) in cash	(52,064)	(285,619)
Cash, beginning of year	132,825	418,444
Cash, end of year	184,889	132,825

EnerDynamic Hybrid Technologies Corp.

Notes to the Consolidated Financial Statements

For the Year Ended November 30, 2020

1. Company Information

EnerDynamic Hybrid Technologies Corp. (“EHT Corp”, the “Company”) has its manufacturing facilities located at 6040 Progress Street, Niagara Falls, Ontario, L2G0C4. The Company is involved in the advancement of production and wholesale distribution of modular homes/buildings which integrate hybrid solar systems.

The common shares of the Company are traded under the symbol “EHT” on the Toronto Venture Exchange.

The Consolidated Financial Statements were approved by the Board of Directors on March 30, 2021.

2. Reporting Entity and Going Concern

Going Concern

During the year ended November 30, 2020 the Company reported a comprehensive loss of \$5,500,096 (2019: \$10,469,613) and, as of that date, the Company had a deficit of \$93,311,494 (2019: \$87,811,398), and a shareholders’ deficiency of \$32,393,281 (2019: \$30,541,312). These factors create material uncertainties that cast significant doubt on the Company’s ability to continue as a going concern.

Financial statements are required to be prepared on a going concern basis unless management either intends to liquidate the Company, or cease trading, or has no realistic alternative but to do so within the foreseeable future. These consolidated financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. Management has no plans to liquidate the Company or cease trading, nor does Management feel it has no alternative but to do so within the foreseeable future.

The Company’s operations and projects are funded through a combination of operational revenues, debt and equity financing. The Company’s ability to fund future operations and commitments could be dependent upon market conditions that influence its ability to obtain additional financing. Management believes that it can access capital through the issuance of financial instruments to the public markets to meet its working capital needs.

There is no assurance that the working capital will be sufficient to meet the Company’s future needs. There are uncertainties related to market conditions and events that may cast significant doubt about the Company’s ability to continue as a going concern, therefore, it may be unable to realize its assets or discharge its liabilities in the normal course of business.

3. Basis of Presentation

Statement of Compliance with International Financial Reporting Standards

These consolidated financial statements have been prepared in accordance with accounting policies consistent with International Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) in effect for the Company’s reporting year ended November 30, 2020. The accounting policies adopted are consistent with those of the previous financial year in addition to the adoption of IFRS 16 *Leases* policy.

EnerDynamic Hybrid Technologies Corp.

Notes to the Consolidated Financial Statements

For the Year Ended November 30, 2020

3. Basis of Presentation (continued)

Basis of Measurement, Functional and Presentation Currency

The Company's consolidated financial statements have been prepared on the historical cost basis except for certain non-current assets and financial instruments, which are measured at fair value, as explained in Note 4 *Summary of Significant Accounting Policies*.

The consolidated financial statements are presented in Canadian dollars which is the Company's functional currency.

Critical Accounting Judgments, Estimates and Assumptions

The preparation of these consolidated financial statements conforms with IFRS requirements that management make certain estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, and reported expenses during the period. These estimates and judgments are at times uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from estimates made.

Revisions to accounting estimates are recognized in the period in which the estimate is revised and future years, if the revision affects both current and future years. These estimates are based on historical experience, current and future economic conditions and other factors which include expectations of future events that are believed to be reasonable under the circumstances.

Management has made estimates which relate to, but are not limited to, the following:

- (i) The recoverability of accounts receivable that are included in the consolidated statements of financial position;
- (ii) The net realizable value of the finished product inventories reported on the consolidated statements of financial position;
- (iii) The useful lives of property and equipment used to depreciate the assets in the consolidated statements of financial position;
- (iv) The assumptions underlying the Right of Use calculations associated with the premises lease that is included in the consolidated statements of financial position;
- (v) The Company uses Black-Scholes for the purpose of warrant and stock option valuation.

4. Summary of Significant Accounting Policies

The consolidated financial statements have been prepared using accounting policies consistent with those used in preparing the annual financial statements for the year ended November 30, 2019 as well as IFRS 16 *Leases* policy adopted in the current fiscal year. Any significant accounting policies are presented to assist the reader in evaluating the financial results and, together with the following notes to the consolidated financial statements, should be considered an integral part of the consolidated financial statements.

Cash and Cash Equivalents

Cash consists of balances held with financial institutions, and other short-term highly liquid investments with maturities of three months or less from the purchase date.

EnerDynamic Hybrid Technologies Corp.
Notes to the Consolidated Financial Statements
For the Year Ended November 30, 2020

4. Summary of Significant Accounting Policies (continued)

Basis of Consolidation

The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries EHT Ontario Solar PV LP, EnerDynamic Hybrid Technologies Inc. (“EHT Inc.”) and EnerDynamic Building Systems Inc. (“EBS”). EHT Inc. has its own wholly-owned subsidiary EnerDynamic Corporation (“EC”). All subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operational policies of the entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date that control commenced until the date that such control ceases.

EnerDynamic Lux S. à r. l. ceased business on October 6, 2020 and was struck from the Luxembourg Business Registers. This company operated as a flow through entity and was deemed no longer necessary.

Inter-company balances, transactions, and any unrealized income and expenses, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with subsidiaries are eliminated against the investment to the extent of the Company’s interest. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost and is subsequently amortized using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a term of 12 months or less. The Company recognizes the lease payments associated with these leases as an operating expense on a straight-line basis over the lease term.

Property and Equipment

Property and equipment are reported at acquisition cost less depreciation and impairment losses. Depreciation rates and methods are reviewed annually and reported on a straight-line basis, at the following rates and period unless otherwise indicated:

	Method	Rates and period
Computer Equipment	Straight Line	30%
Office Equipment	Straight Line	15%
Production Equipment	Straight Line	15%
Warehouse Equipment	Straight Line	15%
Motor vehicle	Straight Line	3 years
Leaseholds	Straight Line	10 years
Right-of-Use asset	Straight Line	9 years

EnerDynamic Hybrid Technologies Corp.

Notes to the Consolidated Financial Statements

For the Year Ended November 30, 2020

4. Summary of Significant Accounting Policies (continued)

An item of property and equipment is derecognized upon disposal when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the book value of the asset, is recognized in the consolidated statements of operations and comprehensive income or loss.

The Company conducts an annual review and assessment of the residual balances, useful lives and depreciation methods used for property and equipment. Any changes arising from the review is applied by the Company prospectively.

Research and Development

Research and development expenditures are recognized in the period in which they are incurred unless a development project meets the criteria under IFRS for deferral and amortization. The Company has not deferred any such development expenditures to date.

Related Parties

A related party is a person or an entity that is related to the Company.

- a. A person or a close member of that person's family is related to the Company if that person:
 - i. Has control or joint control over the Company, with the power to govern the Company's financial and operating policies;
 - ii. Has significant influence over the Company, participating in financial and operating policy decisions, but not control over these policies; or
 - iii. Is a member of the key management personnel of the Company. Key management personnel, consistent with the definition under *IAS 24, Related Party Disclosures*, are persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director of the Company.
- b. An entity is related to a reporting entity if any of the following conditions applies:
 - i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - iii. Both entities are joint ventures of the same third party.
 - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - vi. The entity is controlled or jointly controlled by a person identified in (a).
 - vii. A person identified in (a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

EnerDynamic Hybrid Technologies Corp.

Notes to the Consolidated Financial Statements

For the Year Ended November 30, 2020

4. Summary of Significant Accounting Policies (continued)

Foreign Currency Translation

Items included in the consolidated financial statements are measured using the currency of the primary country in which the entity operates (the "base currency"). The Company's consolidated financial statements are presented in Canadian dollars, the base currency of the Company. Foreign currency transactions are translated into the base currency using the noon exchange rates prevailing on the dates of the transaction. Historic rates, if required, are based on the Bank of Canada historic noon day rate tables. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not reported in the base currency of an entity are recognized in the consolidated statements of operations and comprehensive income or loss.

Inventories

As outlined under IAS 2, inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the product ready for sale. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to the manufacturing location and final condition. The cost of inventories is assigned by using weighted average cost method.

Provisions

Provisions are recognized when determination is made that there is a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Share Based Payments

IFRS 2 requires equity-based payments to employees and others providing similar services to be measured at the fair value of goods or services received unless that fair value cannot be estimated with confidence. If the entity cannot estimate the fair value of the goods or services received, the Company measures the value and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted. The Company uses the Black-Scholes option-pricing model for valuation. The fair value of the equity instrument granted is as at the grant date.

Revenue Recognition

The Company generates revenues from two material sources:

- a. the production and sale of building wall panels, emergency shelters, solar panels and solar trailers, and,
- b. the provision of services in installing solar modular structures and energy production systems.

Revenue is measured by reference to the fair value of the consideration received or receivable, net of returns and trade discounts. Revenue is recognized in the case of the production revenue when the significant risks and rewards of ownership, legal title and effective control and management over the products have transferred to the customer, collection of the relevant receivable is probable, the sale price is fixed and the revenues and the associated incurred costs can be measured reliably.

The timing of the transfers of risks and rewards of ownership varies depending on the individual terms of the contract of sale but are primarily on the shipment of the product. In the case of service-based revenue, the timing of the transfers of risks and rewards of ownership varies depending on the individual terms of the contract but generally the Company recognizes revenue using the percentage of completion method.

EnerDynamic Hybrid Technologies Corp.

Notes to the Consolidated Financial Statements

For the Year Ended November 30, 2020

4. Summary of Significant Accounting Policies (continued)

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers which establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 also includes a cohesive set of disclosure requirements that would result in an entity providing comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. Effective December 1, 2018, the Company adopted this standard and there is no material impact on the Company's consolidated financial statements.

Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Income Taxes

Tax expense comprises current and deferred taxes and is recognized in the consolidated statements of operations and comprehensive income or loss except to the extent it relates to items recognized in other comprehensive income or loss directly in equity.

Debentures Payable

Debentures and the incremental issuance costs are split between liabilities and shareholder equity based on the allocation of the equity component (if any) of the debenture. Incremental costs directly attributable to the issuance of debentures are amortized and recognized in comprehensive income (loss), net of any tax effects over the maturity period of the debenture.

Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from equity, net of any tax effects.

Segment Reporting

Operating segments, as defined within IFRS 8, are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief executive officer that makes strategic decisions. The Company has determined that it operates in a single industry segment, which involves the development and production of modular structures with solar systems, including installation.

Financial Instruments: Initial Recognition and Subsequent Measurement

The Company's financial instruments consist of cash, accounts receivable, due from related parties, accounts payable and accrued liabilities, debentures payable, lease liability and due to related parties. The carrying value of the financial instruments noted above is considered to approximate fair value.

EnerDynamic Hybrid Technologies Corp.

Notes to the Consolidated Financial Statements

For the Year Ended November 30, 2020

4. Summary of Significant Accounting Policies (continued)

Effective December 1, 2018, the Company adopted IFRS 9. In July 2014, the IASB issued the final publication of the IFRS 9 standard, which supersedes IAS39-Financial Instruments: Recognition and Measurement (“IAS39”). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, new guidance for measuring impairment on financial assets, and new hedge accounting guidance. The Company has adopted IFRS 9 on a retrospective basis, however, this guidance had no impact on the Company’s financial statements. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit and loss (FVTPL).

Financial Assets

Initial Recognition and Measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as “financial assets at fair value”, as either FVPL or FVOCI, and “financial assets at amortized costs”, as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company’s business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the date at which the Company becomes a party to the contractual provisions of the instrument.

Amounts receivable held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement-financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate (“EIR”) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Subsequent measurement -financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of loss. The Company does not measure any financial assets at FVPL.

Subsequent measurement-financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI. After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statements of comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

EnerDynamic Hybrid Technologies Corp.
Notes to the Consolidated Financial Statements
For the Year Ended November 30, 2020

4. Summary of Significant Accounting Policies (continued)

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

The Company's only financial assets subject to impairment are accounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable has been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liabilities at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities, and subscription receipts which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement-financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of loss.

Financial Instruments Recorded at Fair Value

Financial instruments recorded at fair value on the consolidated statements of financial position are required to be classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

None of the Company's financial instruments are recorded at fair value on the consolidated statements of financial position.

EnerDynamic Hybrid Technologies Corp.

Notes to the Consolidated Financial Statements

For the Year Ended November 30, 2020

4. Summary of Significant Accounting Policies (continued)

Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing the net income (loss) attributable to common shareholders of the Company by the weighted average number of common shares issued and outstanding during the period. Diluted earnings (loss) per share is determined by adjusting the weighted average number of common shares outstanding during the period for the effects of dilutive instruments such as stock options granted.

The number of additional shares is calculated by assuming that all convertible securities outstanding were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting period. Diluted earnings (loss) per share considers the dilutive impact of the exercise of warrants and broker warrants, as if the event has occurred at the beginning of the period. Diluted loss per share has not been presented in the accompanying consolidated financial statements as the results would be anti-dilutive.

5. Risk Management

Capital Risk Management

The Company's objectives are to safeguard its ability to continue as a going concern in order to support its normal operating requirements, continue the development and expansion of its production capacity, expansion of markets for its products and review of opportunities that complement current operations and products. These objectives are to be achieved through a continued flexible capital structure which optimizes the costs of capital at an acceptable level of risk.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and the industry. The Company may manage its capital structure by issuing securities, financial instruments, repurchasing outstanding shares, adjusting capital spending or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company reviews its working capital and forecasts its future cash flows based on operational needs and other investing and financing activities. The forecast is updated based on activities related to its production, sales and expansions. Information is provided to the Board of Directors by Management on a monthly or ad hoc basis.

As of November 30, 2020, the Company's capital structure consists of related party payables, debentures payable, share capital and warrants the Company issued for financial value. The Company is not subject to any externally imposed capital covenants. In order to maximize ongoing development efforts, the Company has no short-term plans to pay dividends.

The following amounts, included in the consolidated statements of financial position, make up the Company's capital:

	2020 \$	2019 \$
Due to related parties (net)	(881,240)	(1,000,119)
Share capital	36,832,886	35,420,461
Warrants	17,716,438	15,953,736
Convertible 6.5% debentures	(3,000,000)	(3,000,000)
8% and 18% debentures	(10,070,500)	(10,070,500)
Total Capital	40,597,584	37,303,578

EnerDynamic Hybrid Technologies Corp.

Notes to the Consolidated Financial Statements

For the Year Ended November 30, 2020

6. Financial Instruments

Financial Risk Management

The Company's activities expose it to various types of risk which are associated with the financial instruments held by the Company. These risks include market risk (including currency risk and interest rate risk), liquidity risk and credit risk. The following summary is not intended to be a comprehensive summary of all risks inherent in the Company.

Market Risk

Foreign Currency Risk

The Company is mainly exposed to foreign exchange risk in United States dollars. Foreign exchange risk is the risk that the exchange rate that was in effect on the date that an obligation in a foreign currency was incurred to the Company by a customer, or that an obligation in a foreign currency was made by the Company to a supplier, is different at the time of settlement than it was at time that the obligation was determined. The Company reduces its exposure to foreign exchange risk by carefully monitoring exchange rates on obligations that are made to the Company. The Company does not utilize derivative instruments to manage its foreign exchange risk. The Company maintains adequate foreign currency balances in its bank, provided by its revenues in the related currency and used to settle its foreign currency purchases. In the opinion of management, the foreign exchange risk exposure to the Company is low.

A ten percent increase in the U.S. dollar versus the Canadian dollar at the end of the period would have increased the comprehensive loss for the year immaterially (2019: immaterial) with all other variables held constant.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows or fair value associated with some of the Company's financial assets. The Company is not exposed to significant interest rate risk on its financial liabilities as they are short term in nature.

A one percentage point increase (decrease) in interest rates would have increased (decreased) the comprehensive income by a nominal amount in the period, with all other variables held constant given the Company's borrowings are fixed rates.

Credit Risk

Credit risk arises from the unexpected default of a customer in meeting its financial obligation to the Company. The Company does not extend credit terms to all customers thus credit is considered on an exception transaction. The Company is continually developing credit evaluation, approval and monitoring processes which are intended to mitigate potential credit risk.

The carrying amount of the Company's cash and accounts receivable represent the maximum credit risk. As at November 30, 2020, the Company's cash is held with reputable institutions, from which management believes the risk of loss to be remote.

EnerDynamic Hybrid Technologies Corp.
Notes to the Consolidated Financial Statements
For the Year Ended November 30, 2020

6. Financial Instruments (continued)

Liquidity Risk

Liquidity risk considers the possibility that the Company may not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. Generally, the Company's financial liabilities have contractual maturities of less than 30 days. Some larger projects require substantial outlays of capital to fund the upfront cost of raw materials and work in progress. Such risks are identified and to some degree reduced through customer contract deposits.

	Carrying Amount \$	Cash Flows \$	<1 year \$	1-2 years \$	2-5 years \$
Accounts payable and accrued liabilities	10,936,288	10,936,288	10,936,288	-	-
Due to related parties	1,025,788	1,025,788	1,025,788	-	-
Office equipment lease	17,410	17,410	4,445	8,890	4,075
Convertible 6.5% debentures	3,000,000	3,000,000	3,000,000	-	-
18% Debentures Payable	10,070,500	10,070,500	10,070,500	-	-
	25,049,986	25,049,986	25,037,021	8,890	4,075

7. Accounts Receivable

The Company extends credit on an exception basis and only for product sales and through the normal course of business as it relates to system installation.

Detail	2020 \$	2019 \$
Less than 30 Days	113	5,716
More than 90 Days	34,437	39,734
Allowance for bad and doubtful debts	(34,437)	(34,436)
	113	11,014

During the year ended November 30, 2020, the Company's revenues were mainly generated from customers in Canada and less than 3% came from those in overseas countries (2019:19% from United States; 7% from West Africa and 37% from Asia) and all the accounts receivable was related to customers in Canada (2019: 89% and 10% of accounts receivable relating to customers in the United States and Africa respectfully).

EnerDynamic Hybrid Technologies Corp.
Notes to the Consolidated Financial Statements
For the Year Ended November 30, 2020

8. Inventories

	2020	2019
	\$	\$
Raw Materials	334,972	426,456
Finished Goods	137,118	257,955
Provision for Obsolescence	(80,000)	(75,000)
	392,090	609,411

Management has opted to institute a reserve against obsolescence targeted specifically at the finished goods inventory of \$80,000 (2019:\$75,000). There is no specific evidence of decreased value of specific inventory items however, the potential exists for modest declines due to market fluctuations and therefore management has instituted a reserve.

9. Prepaid Expenses

Prepaid expenses include the following:

	2020	2019
	\$	\$
Landlords and utilities	68,308	68,308
Raw materials	109,803	60,762
Other expenses	68,258	39,845
	246,369	168,915

10. Other Current Assets

As at November 30, 2020, other current assets of \$77,889 (2019: \$303,678) represents HST recoverable of \$28,345 (2019: \$236,178) and other receivable or assets of \$49,544 (2019: \$67,500).

EnerDynamic Hybrid Technologies Corp.
Notes to the Consolidated Financial Statements
For the Year Ended November 30, 2020

11. Property and Equipment

Cost	Automobile	Office Equipment	Warehouse Equipment	Production Equipment	Premises Leaseholds	Total
	\$	\$	\$	\$	\$	\$
Balance at November 30, 2019	13,523	43,096	46,293	1,970,611	95,237	2,168,760
Additions	-	-	-	2,310	-	2,310
Disposals	-	-	-	(49,162)	-	(49,162)
Balance at November 30, 2020	13,523	43,096	46,293	1,923,759	95,237	2,121,908
Accumulated Amortization						
Balance at November 30, 2019	6,761	39,767	38,090	1,750,376	9,704	1,844,698
Amortization for the year	4,508	2,527	5,786	118,446	9,524	140,791
Disposal	-	-	-	(39,944)	-	(39,944)
Balance at November 30, 2020	11,269	42,294	43,876	1,828,878	19,228	1,945,545
Net Book Value						
Balance at November 30, 2019	6,762	3,329	8,203	220,235	85,533	324,062
Balance at November 30, 2020	2,254	802	2,417	94,881	76,009	176,363

Included in the Consolidated Statements of Operations and Comprehensive loss is amortization of \$140,791 for the year ended November 30, 2020 (2019: \$318,051).

EnerDynamic Hybrid Technologies Corp.
Notes to the Consolidated Financial Statements
For the Year Ended November 30, 2020

12. Right-of-Use Assets

The Company has recognized a right-of-use asset in respect of its premises lease as described in Note 4. The following is a continuity of the right-of-use asset:

	2020
Cost	\$
Balance at December 1, 2019	-
Impact of adoption of IFRS 16	1,141,913
Addition	-
<u>Balance at November 30, 2020</u>	<u>1,141,913</u>
	2020
Accumulated amortization	\$
Balance at December 1, 2019	-
Amortization for the year	126,879
<u>Balance at November 30, 2020</u>	<u>126,879</u>
	2020
Carrying amounts	\$
As at November 30, 2019	-
<u>As at November 30, 2020</u>	<u>1,015,034</u>

13. Share Capital

i) Common Shares Authorized:

Unlimited number of common shares.

ii) Common Share Rights:

The holders of common shares are entitled to vote at meetings of shareholders, receive dividends, and are subject to the prior rights, privileges and conditions attaching to the special shares, to receive the remaining property of the Company upon dissolution, liquidation or winding up of the Company.

iii) Common Shares Issued:

423,974,216 (2019: 339,976,215) common shares with no par value.

On December 20, 2018, the Company completed a private placement which raised \$583,900 proceeds from the sale of 11,678,000 units at \$0.05 per unit, each unit consists of one common share and one common share purchase warrant. Each purchase warrant entitles the holder to acquire one common share at an exercise price of \$0.075 per common share. The warrants expire 36-months from the date of issue.

On January 2, 2019, the Company completed a private placement which raised \$240,000 proceeds from the sale of 3,000,000 units at \$0.08 per unit, each unit consists of one common share and one common share purchase warrant. Each purchase warrant entitles the holder to acquire one common share at an exercise price of \$0.12 per common share. The warrants expire 36-months from the date of issue.

On February 14, 2019, the Company completed a private placement which raised \$450,000 proceeds representing \$400,000 cash plus \$50,000 debt settlement from the sale of 9,000,000 units at \$0.05 per unit, each unit consists of one common share and one common share purchase warrant. Each purchase warrant entitles the holder to acquire one common share at an exercise price of \$0.075 per common share. The warrants expire 36-months from the date of issue.

EnerDynamic Hybrid Technologies Corp.

Notes to the Consolidated Financial Statements

For the Year Ended November 30, 2020

13. Share Capital (continued)

On April 5, 2019, the Company completed a private placement which raised \$345,000 proceeds representing \$295,000 cash plus \$50,000 debt settlement from the sale of 6,900,000 units at \$0.05 per unit, each unit consists of one common share and one common share purchase warrant. Each purchase warrant entitles the holder to acquire one common share at an exercise price of \$0.06 per common share. The warrants expire 36-months from the date of issue.

On May 17, 2019, the Company completed a private placement which raised \$400,000 proceeds from the sale of 8,000,000 units at \$0.05 per unit, each unit consists of one common share and one common share purchase warrant. Each purchase warrant entitles the holder to acquire one common share at an exercise price of \$0.07 per common share. The warrants expire 36-months from the date of issue.

On June 19, 2019, the Company completed a private placement which raised \$500,000 proceeds representing \$400,000 cash and \$100,000 debt settlement from the sale of 10,000,000 units at \$0.05 per unit, each unit consists of one common share and one common share purchase warrant. Each purchase warrant entitles the holder to acquire one common share at an exercise price of \$0.06 per common share. The warrants expire 36-months from the date of issue.

On September 24, 2019, the Company settled an outstanding debt of \$300,000 with a creditor by issuance of 6,000,000 units at a deemed value of \$0.05 per unit and each unit consisting of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at \$0.07 for a period of 36-months.

On October 2, 2019, the Company completed a private placement which raised \$485,000 proceeds representing \$425,000 cash and \$60,000 debt settlement from the sale of 9,700,000 units at \$0.05 per unit by, each unit consists of one common share and one common share purchase warrant. Each purchase warrant entitles the holder to acquire one common share at an exercise price of \$0.06 per common share. The warrants expire 36-months from the date of issue.

On December 31, 2019, the Company completed a private placement which raised \$1,030,400 proceeds representing \$485,000 cash and \$545,400 debt settlements from the sale of 20,608,000 units at \$0.05 per unit, each unit consists of one common share and one common share purchase warrant. Each purchase warrant entitles the holder to acquire one common share at an exercise price of \$0.05 per common share. The warrants expire 36-months from the date of issue.

On February 5, 2020, the Company settled an outstanding debt of \$150,000 with a creditor by issuance of 3,000,000 units at a deemed value of \$0.05 per unit, each unit consists of one common share and one common share purchase warrant. Each purchase warrant entitles the holder to acquire one common share at an exercise price of \$0.07 per common share. The warrants expire 36-months from the date of issue.

On February 14, 2020, the Company completed a private placement which raised \$350,000 proceeds representing \$249,010 cash and \$100,990 debt settlement from the sale of 7,000,000 units at \$0.05 per unit, each unit consists of one common share and one common share purchase warrant. Each purchase warrant entitles the holder to acquire one common share at an exercise price of \$0.05 per common share. The warrants expire 36-months from the date of issue.

On April 14, 2020, the Company announced to complete a non-brokered private placement which raised \$500,000 proceeds representing \$257,980 cash and \$242,020 debt settlement from the sale of 20,000,000 units at \$0.025 per unit, each unit consists of one common share and one common share purchase warrant. Each purchase warrant entitles the holder to acquire one common share at an exercise price of \$0.05 per common share. The warrants expire 36-months from the date of issue.

EnerDynamic Hybrid Technologies Corp.
Notes to the Consolidated Financial Statements
For the Year Ended November 30, 2020

13. Share Capital (continued)

On August 24, 2020, the Company announced to complete a non-brokered private placement which raised \$1,000,000 proceeds representing \$503,000 cash and \$497,000 debt settlement from the sale of 20,000,000 units at \$0.05 per unit, each unit consists of one common share and one common share purchase warrant. Each purchase warrant entitles the holder to acquire one common share at an exercise price of \$0.05 per common share. The warrants expire 36-months from the date of issue.

On September 16, 2020, the Company settled an outstanding debt of \$669,500 with debtholders by issuance of up to 13,390,001 units of the Company at a deemed price of \$0.05 per unit. Each unit consists of one common share and one common share purchase warrant. Each purchase warrant entitles the holder to acquire one common share at a price of \$0.05 per common share. The warrants expire 36-months from the date of issue.

Convertible Securities

During the year ended November 30, 2020, there were issuances of 83,998,001 (2019: 64,278,000) warrants and 48,857,229 (2019: 20,727,259) warrants expired and nil exercised (2019: nil) . The assumptions used to value the warrants under the Black-Scholes model were as follows:

	2020	2019
Total	83,998,001	64,278,000
Share Price	\$0.020-\$0.045	\$0.03-\$0.05
Exercise Price	\$0.05-\$0.07	\$0.06-\$0.12
Interest Rate	\$0.26%-1.69%	1.35%-1.92%
Term (years)	3	3
Volatility	141-193%	126%-147%
Warrant Value	\$0.015-\$0.033	\$0.020-\$0.036

EnerDynamic Hybrid Technologies Corp.
Notes to the Consolidated Financial Statements
For the Year Ended November 30, 2020

13. Share Capital (continued)

Warrants: Share Purchase Warrants Summary

Holder	Issue Date	Exercise Price	Expiry Date	Issued	Outstanding at Nov 30, 2020
Private Placement Unit Holders	July 18, 2016	\$0.30	07/18/21	4,000,000	4,000,000
Conversion of Convertible Notes	July 20, 2016	\$0.30	07/20/21	24,166,667	24,166,667
Debenture Conversion	April 10, 2018	\$0.15	04/10/21	27,028,580	27,028,580
Private Placement Unit Holders	April 17, 2018	\$0.15	04/17/21	3,200,000	3,200,000
Debenture Conversion	May 3, 2018	\$0.15	05/03/23	5,017,500	5,017,500
Private Placement Unit Holders	June 22, 2018	\$0.075	06/22/21	26,164,000	24,164,000
Settlement of Debts	July 17, 2018	\$0.075	07/17/21	7,156,000	7,156,000
Private Placement Unit Holders	Sept 27, 2018	\$0.075	09/27/23	10,460,000	10,460,000
Private Placement Unit Holders	Oct 9, 2018	\$0.075	10/09/23	4,528,810	4,528,810
Private Placement Unit Holders	Dec 20 2018	\$0.05	12/20/21	11,678,000	11,678,000
Private Placement Unit Holders	Jan 02, 2019	\$0.12	01/02/22	3,000,000	3,000,000
Private Placement Unit Holders	Feb 14, 2019	\$0.075	02/14/22	9,000,000	9,000,000
Private Placement Unit Holders	Apr 05, 2019	\$0.06	04/05/22	6,900,000	6,900,000
Private Placement Unit Holders	May 17, 2019	\$0.07	05/17/22	8,000,000	8,000,000
Private Placement Unit Holders	June 19, 2019	\$0.06	06/19/22	10,000,000	10,000,000
Private Placement Unit Holders	Sep 24, 2019	\$0.07	09/24/22	6,000,000	6,000,000
Private Placement Unit Holders	Oct 03, 2019	\$0.06	10/03/22	9,700,000	9,700,000
Private Placement Unit Holders	Dec 31, 2019	\$0.05	12/31/22	20,608,000	20,608,000
Settlement of Debts	Feb 05, 2020	\$0.07	02/05/23	3,000,000	3,000,000
Private Placement Unit Holders	Feb 14, 2020	\$0.05	02/14/23	7,000,000	7,000,000
Private Placement Unit Holders	Apr 14, 2020	\$0.05	04/14/23	20,000,000	20,000,000
Private Placement Unit Holders	Aug 24, 2020	\$0.05	08/24/23	20,000,000	20,000,000
Settlement of Debts	Sep 16, 2020	\$0.05	08/16/23	13,390,001	13,390,001
				259,997,558	257,997,558

During the year, a total of 48,857,229 (2019:20,727,259) common share purchase warrants have expired without being exercised.

EnerDynamic Hybrid Technologies Corp.
Notes to the Consolidated Financial Statements
For the Year Ended November 30, 2020

13. Share Capital (continued)

Warrant and Option Valuation

The Company uses the Black-Scholes fair valuation option pricing model when calculating a share option grant or common share purchase warrant value when the common share purchase warrant forms part of a unit of securities. The valuation is dependent on a number of estimates, including the risk-free interest rate and the level of share volatility. Option and warrant pricing models require the input of highly subjective assumptions including the expected price volatility. The level of share volatility was calculated with reference to the historic traded daily closing share price of the Company. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's common share purchase warrants.

Stock Options

The Company has a Stock Option Plan (the "Plan") which it is authorized to grant options to purchase common shares of the Company to directors, senior officers, employees and/or consultants of the Company. The aggregate number of shares of the Company which may be issued and sold under the Plan will not exceed 10% of the total number of common shares issued and outstanding from time to time. Share options are granted with a maximum term of five years with vesting requirements at the discretion of the Board of Directors.

The following tables provides information about outstanding stock options at November 30, 2020:

	2020	Weighted Average Exercise Price \$	2019	Weighted Average Exercise Price \$
	Number of Options		Number of options	
Beginning balance	15,455,011	0.12	13,095,375	0.54
Issued	13,500,000	0.05	10,450,000	0.10
Exercised	-	-	-	-
Forfeited	-	-	(8,090,364)	0.54
Ending balance	28,955,011	0.09	15,455,011	0.12

Exercisable options

Weighted average outstanding maturity period (years)	Number of options	Exercise price \$
0.58	3,405,011	0.15
1.79	1,600,000	0.15
3.13	10,450,000	0.10
4.18	13,500,000	0.05
3.25	28,955,011	0.09

EnerDynamic Hybrid Technologies Corp.
Notes to the Consolidated Financial Statements
For the Year Ended November 30, 2020

13. Share Capital (continued)

On January 15, 2019, the Company granted 10,450,000 incentive stock options under its stock option plan to several directors, employees and consultants. The stock options are exercisable until January 15, 2024.

On February 03, 2020, the Company granted 13,500,000 incentive stock options under its stock option plan to several directors, employees and consultants. The stock options are exercisable until February 03, 2025.

	2020	2019
Total	13,500,000	10,450,000
Expected volatility	141%	127%
Expected life	5 Years	5 Years
Expected forfeiture rate	5%	5%
Risk-free interest rate	1.28%	1.91%
Dividend yield	Nil	Nil
Share price	\$0.04	\$0.04
Weighted average fair value of options at grant date	\$0.035	\$0.03

14. Related Party Transactions and Balances

Amounts receivable from and payable to related parties are as follows:

	2020	2019
	\$	\$
Receivable		
Due from a related party	144,548	-
Payable		
Due to director – Bruce Bent	-	267,921
Due to director - John Gamble	176,678	127,261
Due to non-executive employee	50,000	73,748
Due to MSW/MDA (lenders related to Bruce Bent)	799,110	531,189
	1,025,788	1,000,119

The amount due to MSW/MDA is a secured loan advanced from a party related to a director, Bruce Bent. The loans are for working capital purposes and are secured with a general security agreement. The amounts are due on demand.

The amounts due to a director - Bruce Bent are due on demand. Management expects to repay the amounts within the next 12 months.

The amounts due to a director/CEO - John Gamble are for authorized expenses and includes a bonus of \$100,000 granted for the financial support to the Company and unpaid management wages during the year. The amounts due are non-interest bearing and are due on demand. Management expects to repay the amounts within the next 12 months.

EnerDynamic Hybrid Technologies Corp.
Notes to the Consolidated Financial Statements
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14. Related Party Transactions and Balances (continued)

The amounts due to a non-executive employee for a bonus granted for the financial support during the year. The amounts due are non-interest bearing and are due on demand. Management expects to repay the amounts within the next 12 months.

During the year, the Company advanced funds to a corporation owned by Mr. Gamble, CEO/Director of the Company. The funds are repayable on demand, without interest and are expected to be repaid within 12 months.

Summary of Management Fees and Compensation

Title	2020 \$	2019 \$
Management Salaries and Fees	330,000	330,000
Other Benefits	7,825	8,087
Total	text-align: right;"> 337,825	text-align: right;">338,087

15. Earnings/Loss Per Share

Basic and diluted loss per share has been calculated as follows:

		2020	2019
Numerator	Net Profit /(Loss) Allocated to Common Shareholders	(\$5,500,096)	(\$10,469,613)
Denominator	Weighted Average Number of Outstanding Shares	387,559,653	312,739,003
Profit/(Loss) Per Share		(\$0.01)	(\$0.03)

Diluted loss per share did not include the effect of the share options and warrants outstanding respectively as they are anti-dilutive.

16. Debentures Payable

a) Convertible 6.5% Debenture

On March 4, 2015, the Company closed the financing of a 6.5% Convertible Debenture maturing March 4, 2018, raising \$3,000,000. The Debenture allows for the conversion of \$1 dollar of principal into 1 common share of EHT Corp. until maturity date. Kingsdale received \$195,000 in cash and 225,000 broker warrants exercisable at \$1.00 per warrant for a 2-year period.

The Convertible Debenture contains an equity element representing the conversion option. In accordance with IFRS, these two elements were split and classified separately as debt and equity. The fair value of the debentures amounting to \$2,840,000 was based on the discounted cash flows using an estimated cost of borrowing of 8.5% representing the Company's cost of borrowing with similar terms but without the conversion option. The residual of \$160,000 was assigned to the conversion option. The fair value of the broker warrants amounting to \$16,898 was based on Black-Scholes option valuation model.

EnerDynamic Hybrid Technologies Corp.

Notes to the Consolidated Financial Statements

For the Year Ended November 30, 2020

16. Debentures Payable (continued)

The Company accreted the carrying value of the convertible debentures at an effective interest rate of 11.5% per annum so that at maturity on March 4, 2018 the Debenture payable amounted to \$3,000,000. The debenture has matured and remains outstanding while management negotiates the terms of extension. Interest continues to be accrued at the original rate.

b) 18% Debentures

On June 11, 2015, the company announced its intention to raising up to \$20 million by way of secured debentures to provide capital required for a milestone payment and to fund potential acquisition opportunities. The debentures would have a two-year term with an 18% coupon and be issued with up to 400 bonus common shares for each \$1,000 principal amount in debenture issued.

Kingsdale was engaged as the lead agent for this financing and would receive commission consisted of cash representing 7% of the gross proceeds of the brokered purchases of debenture plus 2.0% of the non-brokered purchases, as well as consideration in the form of 1,258,692 agent warrants exercisable at \$1.00 per warrant for a 2-year period. The Debentures are secured by a General Security Agreement over the assets of the Company.

On July 3, 2015, the Company completed the first closing of offered debentures and raised a gross amount \$8,796,000 and 3,518,400 bonus common shares were issued along with the debentures. Kingsdale received \$615,720 in cash and 700,800 broker warrants exercisable at \$1.00 per warrant for a 2-year period.

On July 20, 2015, the Company raised an additional gross amount of \$3,915,000 of secured debentures and 1,566,000 bonus common shares were issued. Kingsdale received \$274,050 in cash and 313,200 broker warrants exercisable at \$1.00 per warrant for a 2-year period.

On July 24, 2015, the Company raised an additional \$351,000 principal amount secured debentures and 140,400 bonus common shares were also issued. Kingsdale received \$24,570 in cash and 28,080 broker warrants exercisable at \$1.00 per warrant for a 2-year period.

The 18% secured debentures issued does not include \$6,937,650 of debentures adjusted via cancellation as no value was tendered to the Company. The related bonus shares, commission and broker warrants have been expensed as a period cost.

The debentures contain an equity element representing the bonus common shares and warrants. In accordance with IFRS, these three elements were split and classified separately as debt and equity. The fair value assigned to the 5,224,800 bonus common shares issued amounted to \$2,649,500 and was based on the trading price of EHT common shares on the debenture issuance dates. The fair value of the broker warrants amounting to \$246,000 was based on Black-Scholes option valuation model. The residual after assigning fair values to the common shares and warrants was assigned to the Debentures.

The Company accreted the carrying value of the Debentures at effective interest rates ranging from 38.7% to 54% per annum.

During the prior years, \$2,991,500 of 18% debenture principal and \$2,634,391 of accrued interest were converted to equity. In addition, accrued interest of \$1,802,451 was waived by the debenture holders.

As at November 30, 2020, there remains \$10,070,500 of 18% debenture principal outstanding. During the year ended November 30, 2017, the 18% debentures matured but were unpaid. As a result, the company remains in default under the terms of the debenture agreement. During prior periods, some 18% debenture holders opted to convert some or all principal and interest into common share units in the capital of the company and some of the debenture holders agreed to waive outstanding debenture interest as well.

EnerDynamic Hybrid Technologies Corp.

Notes to the Consolidated Financial Statements

For the Year Ended November 30, 2020

16. Debentures Payable (continued)

Those debenture holders also agreed to an adjusted annual interest rate of 8% per annum. In September 2018, three debenture holders filed suit against the Company seeking to unwind a settlement agreement related to the conversion of a \$1,003,500 of their total \$3,345,000 of debenture principal into common shares of the company. If the plaintiffs are successful, the parties could be entitled to exchange the common shares issued for the original debentures that were cancelled and the related accrued interest. The final outcome of the case is not determinable at present, however, management has accrued for a potential settlement obligation. Litigation has progressed to discoveries.

- I. The aggregate principal amount of the particular 18% debentures that were not exchanged for units pursuant to the debt settlement agreements is \$4,226,000.*
- II. The aggregate remaining principal amount of particular 18% debentures that were modified pursuant to debt settlement agreements is \$3,503,000.
- III. Aggregate remaining principal amount of the particular 18% debentures that are the subject of the litigation is \$2,341,500.**
- IV. The aggregate principal amount of all the 18% debentures that remain outstanding is \$10,070,500.***

*In the absence of a negotiated settlement, the remaining unmodified debentures continue to accrue interest at 18% per annum per the original agreement.

**Does not include \$1,003,500 of aggregate principal of the particular 18% debentures that are subject of litigation that have been converted into common share units.

***The aggregate principal amount of the particular 18% debentures that were previously exchanged for units pursuant to the debt settlement agreements was \$2,991,500.

The total interest expense for the year ended November 30, 2020 on the debentures amounted to \$1,763,812 (2019:\$1,807,586).

17. Canada Government Loan

During the year ended November 30, 2020, the Company and its subsidiary EBS each obtained an interest-free and unsecured loan of \$40,000 (2019: nil) from the Canada Emergency Business Account. The loan is repayable on or before December 31, 2022, payment of which would result in forgiving of up to \$10,000 in loan principle.

18. Adoption of New International Financial Reporting Standards (“IFRS”)

IFRS 16 Leases

IFRS 16, *Leases* (“IFRS 16”), sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, the customer (“lessee”) and the supplier (“lessor”). This replaces IAS 17, *Leases*, and related interpretations. IFRS 16 provides revised guidance on identifying a lease and for separating lease and non-lease components of a contract. IFRS 16 introduces a single accounting model for all leases and requires a lessee to recognize (i) right-of-use assets and lease liabilities for leases with terms of more than 12 months, unless the underlying asset is of low value; and (ii) depreciation of lease assets separately from interest on lease liabilities on the consolidated statements of loss and comprehensive loss.

EnerDynamic Hybrid Technologies Corp.
Notes to the Consolidated Financial Statements
For the Year Ended November 30, 2020

**18. Adoption of New International Financial Reporting Standards (“IFRS”)
(continued)**

Under IFRS 16, lessor accounting for operating and finance leases is substantially unchanged. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply IFRS 15. The guidance allows for either a full retrospective or modified retrospective transition method. The Company has selected to apply the modified retrospective transition method. Further, the Company has selected to apply the practical expedients to (i) grandfather the assessment of which transactions are leases; (ii) recognition exemption of short-term leases; and (iii) recognition exemption leases of low-value items. From December 1, 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is amortized over the shorter of the asset’s useful life and the lease term on a straight-line basis. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee’s incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Adjustments recognized on adoption of IFRS 16

On December 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach, with the cumulative effect of initially applying the new standard recognized in deficit on December 1, 2019. The comparative figures for fiscal 2019 have not been restated. On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases, which had previously been classified as ‘operating leases’ under the principles of *IAS 17, Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of December 1, 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities was 27%. The lease commitments expire in August 2028.

The following table reconciles the Company’s operating lease commitments as at November 30, 2019, as previously disclosed in the audited consolidated financial statements of the Company, to the lease liability recognized on initial application of IFRS 16 on December 1, 2019:

Item	Value
Operating lease commitments as at November 30, 2019	3,919,688
Modifications	(474,995)
Effect of discounting using the incremental borrowing rate	(2,302,780)
Lease liability recognized as at December 1, 2019	\$1,141,913

EnerDynamic Hybrid Technologies Corp.
Notes to the Consolidated Financial Statements
For the Year Ended November 30, 2020

**18. Adoption of New International Financial Reporting Standards (“IFRS”)
(continued)**

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- reliance on previous assessments on whether leases are onerous; and
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

The adoption of the new standard affected the following items in the statement of financial position on December 1, 2019:

Item	Value
Right-of-use assets	recorded as \$1,141,913
Lease liability	recorded as \$1,141,913

19. Commitments and Contingencies

The Company is committed to royalty payments, under the terms of license agreement, to pay 2% of total revenue commencing on October 1, 2013. The licensee has deferred payment of the royalty obligations as at November 30, 2020. The amount has been accrued, as in prior periods, with no fixed payment date.

The Company is engaged in legal proceedings, claims and counterclaims that have arisen in the ordinary course of business. The outcome of all of the proceedings and claims against the Company is subject to future resolution, including the uncertainties of litigation. Based on information currently known to the Company and after consultation with outside legal counsel, management believes that the probable ultimate resolution of any such proceedings and claims, individually or in the aggregate, will not have a material adverse effect on the financial condition of the Company, taken as a whole.

On May 15, 2019, the Company entered into a lease agreement for an office equipment for 66 months with a lease payment of \$983 per quarter plus tax. The remaining lease payments will be \$17,410 and payable as follows:

	Less than one year	Between 1 and 5 years	More than five years	Total
	\$	\$	\$	\$
Office Equipment Lease	4,445	12,965	-	17,410

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19. Commitments and Contingencies (continued)

Lease liability

The Company leases its premises under a lease agreement expiring on August 31, 2028, which was recognized at a discount rate of 27%. The following is a continuity of activity in leases during the year.

Cost	2020
	\$
Balance at December 1, 2019	-
Impact of adoption of IFRS 16	1,141,913
Payment made	(240,236)
Interest on lease liabilities	308,317
Balance at November 30, 2020	1,209,994
Current portion	280,512
Long-term	929,482

The following table outlines the total contractual undiscounted lease payments as at November 30, 2020:

2021	356,250
2022	356,250
2023	370,313
2024	412,500
2025	421,874
Thereafter	1,237,500
Less: future interest expenses	(1,944,693)
Total lease liabilities at November 30, 2020	1,209,994

20. Segmentation

Management has determined that the Company carries on business in one operating segment only. All assets are currently located in Canada except accounts receivable from customers located in the United States and West Africa (See Note 7 *Accounts Receivable*) and during the year ended November 30, 2020, substantially all business activities were conducted in Canada other than revenue from customers in the United States.

21. Income Tax

Income taxes reported differ from the amount computed by applying the statutory rate to the net loss due to the following items:

	2020	2019
	\$	\$
Canadian statutory tax rate	26.5%	26.5%
Statutory income taxes	(1,390,306)	(1,567,292)
Permanent differences	82,895	114,591
Change in tax assets not recognized	1,307,411	1,452,701
Effective Income Taxes	-	-

EnerDynamic Hybrid Technologies Corp.
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21. Income Tax (continued)

Deferred income tax assets and liabilities result primarily from differences in recognition of certain timing differences that give rise to the Company's future tax assets (liabilities) and are as follows:

	2020	2019
	\$	\$
Temporary differences		
Share issue costs	209,296	191,549
Amortization	1,709,322	1,943,814
Non-capital loss	16,433,269	15,042,962
Tax assets not recognized	(18,351,887)	(17,178,325)

As at November 30, 2020, there were approximately \$62,012,000 (2019: \$56,765,000) in tax losses that may be applied against earnings of future years, not later than as follows:

	Losses	Expiration
	\$	\$
2013	292,000	2033
2014	3,602,000	2034
2015	14,808,000	2035
2016	14,288,000	2036
2017	8,979,000	2037
2018	8,882,000	2038
2019	5,914,000	2039
2020	5,247,000	2040
	62,012,000	

22. Subsequent Events

January 8, 2021, the company announced that it completed a non-brokered private placement of \$1,000,000. The private placement is comprised of 20,000,000 units at a price of \$0.05 per unit. Each unit consists of one common share and one common share purchase warrant, with each whole warrant being exercisable for one common share of the Company at a price of \$0.05 per share for a term of 36 months

On January 19, 2021, the company held its annual general and special shareholders meeting. At that meeting the shareholders approved a consolidation of the issued and outstanding shares of the company on a basis of up to 20:1 within 12 months at the Board of Directors discretion.

January 28, 2021, the company announced the signing of an agreement to acquire Windular Research and Technologies Inc. ("WRT") on January 22, 2021, and its plans to concomitantly consolidate its shares 20-for-1, convert its existing debentureholders' debts, and raise up to \$18 million in financing by way of a private placement, all subject to the approval of the TSX Venture Exchange.