CANOPY RIVERS INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE TWELVE MONTHS ENDED MARCH 31, 2020 AND 2019

(IN CANADIAN DOLLARS)

CANOPY RIVERS INC.

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Canopy Rivers Inc.

Opinion

We have audited the consolidated financial statements of Canopy Rivers Inc. (the Entity), which comprise:

- the consolidated statements of financial position as at March 31, 2020 and March 31, 2019
- the consolidated statements of income (loss) and other comprehensive loss for the years then ended
- the consolidated statements of cash flows for the years then ended
- the consolidated statements of changes in shareholders' equity for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit 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.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' 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 in the auditors' report.

We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the 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 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.

- 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- 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.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditors' report is William J. Stephen.

Vaughan, Canada

June 2, 2020

CANOPY RIVERS INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in CDN $000's)	Notes	As at March 31, 2020	As at March 31, 2019
Assets			
Current assets			
Cash		$ 46,724	$ 104,183
Interest and royalty receivable, net of provision for credit losses	9,11	10,067	3,080
Other receivables		416	121
Prepaid expenses and other assets		264	226
		57,471	**107,610**
Restricted cash	6	-	12,000
Brokerage payments deposit	7	833	-
Finance lease receivable	8	2,772	2,695
Interest receivable - long term	11	924	-
Right-of-use assets		553	-
Loans receivable	9	42,450	40,000
Equity method investees	10	50,543	64,891
Financial assets at fair value through profit or loss	11	80,170	54,705
Financial assets at fair value through other comprehensive income	12	64,599	137,298
Other long-term assets		70	86
		242,914	**311,675**
Total assets		**$ 300,385**	**$ 419,285**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		$ 1,541	$ 4,133
Lease liability - current	13	147	-
		1,688	**4,133**
Lease liability - non-current	13	419	-
Deferred tax liability	16	-	6,966
		419	**6,966**
		2,107	**11,099**
Shareholders' equity			
Share capital	14	284,646	281,320
Share-based payment reserve		28,288	23,646
Contributed surplus		58,859	58,609
Retained earnings (deficit)		(73,515)	44,611
		298,278	**408,186**
Total liabilities and shareholders' equity		**$ 300,385**	**$ 419,285**

Commitments and contingencies (Note 19)

Subsequent events (Note 22)

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

CANOPY RIVERS INC.

CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND OTHER COMPREHENSIVE LOSS

(Expressed in CDN $000's, except for per share amounts)	Notes		Twelve months ended March 31, 2020		Twelve months ended March 31, 2019
Operating income					
Income on finance lease receivable	8	$	657	$	641
Income on loans receivable	9		4,858		1,634
Royalty and other interest income on financial assets at fair value through profit or loss	11		6,676		2,592
Provision for credit losses	17		(269)		-
Operating income (before equity method investees and fair value changes)			**11,922**		**4,867**
Operating expenses					
Consulting and professional fees			3,470		2,833
General and administrative expenses			6,630		3,132
Share-based compensation	14		9,033		24,485
Depreciation and amortization expense			170		-
Total operating expenses			**19,303**		**30,450**
Net operating loss (before equity method investees and fair value changes)			**(7,381)**		**(25,583)**
Share of loss from equity method investees	10		(6,155)		(2,165)
Impairment of equity method investees	10		(11,162)		-
Net changes in fair value of financial assets at fair value through profit or loss	11		(17,259)		35,719
Net changes in fair value of off-market commitment			-		56
Net operating income (loss)			**(41,957)**		**8,027**
Other expenses (income)					
Interest expense			36		-
Other expenses (income), net			(1,376)		(316)
Income (loss) before taxes			**(40,617)**		**8,343**
Income tax expense (recovery)	16		(51)		4,425
Net income (loss)		**$**	**(40,566)**	**$**	**3,918**
Other comprehensive loss not subsequently reclassified to net loss					
Net change in fair value of financial assets at fair value through other comprehensive loss, net of tax recovery of $9,959 (2019 - $5,234)	12		(77,560)		(34,271)
Total comprehensive loss		**$**	**(118,126)**	**$**	**(30,353)**
Earnings (loss) per share - basic	20	**$**	**(0.22)**	**$**	**0.03**
Earnings (loss) per share - diluted	20	**$**	**(0.22)**	**$**	**0.02**

CANOPY RIVERS INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in CDN $000's)	Notes		Twelve months ended March 31, 2020		March 31, 2019
Cash flows from operating activities					
Net income (loss)		$	(40,566)	$	3,918
Adjustments for:					
Income on finance lease receivable	8		(657)		(641)
Share-based compensation expense	14		9,033		24,485
Share of loss from equity method investees	10		6,155		2,165
Impairment of equity method investees	10		11,162		-
Net changes in fair value of financial assets at fair value through profit or loss	11		17,259		(35,719)
Net changes in fair value of off-market commitment			-		(56)
Interest expense			36		-
Income tax expense	16		(51)		4,425
Other non-cash expenses (income)			420		56
Increase in interest and royalty receivable, net of provision for credit losses			(7,616)		(2,780)
Decrease (increase) in other receivables			(295)		99
Increase in prepaid expenses and other assets			(53)		(226)
Increase in interest receivable - long term	11		(924)		-
Decrease in brokerage payments deposit	7		167		-
Decrease (increase) in accounts payable and accrued liabilities			(937)		1,641
Net cash used in operating activities before income taxes paid			(6,867)		(2,633)
Income taxes paid			(799)		-
Net cash used in operating activities		**$**	**(7,666)**	**$**	**(2,633)**
Cash flows from investing activities					
Restricted cash reserve	6		12,000		(12,000)
Brokerage payments deposit	7		(1,000)		-
Investment in loans receivable	9		(2,450)		(40,000)
Purchase of investments in equity method investees	10		(2,867)		(33,193)
Purchase of financial assets at fair value through profit or loss	11		(42,364)		(35,343)
Purchase of financial assets at fair value through other comprehensive income	12, 21		(14,801)		(9,723)
Disposition of financial assets at fair value through other comprehensive income	12		150		-
Payment of lease principal			(160)		-
Distributions from equity method investees	10		-		158
Payments from finance lease receivable			580		580
Purchase of other long-term assets			(3)		(93)
Net cash used in investing activities		**$**	**(50,915)**	**$**	**(129,614)**
Cash flows from financing activities					
Proceeds from issuance of Subordinated Voting Shares	14		-		198,776
Proceeds from exercise of stock options and warrants	14		1,122		457
Share issuance costs			-		(9,102)
Net cash provided by financing activities		**$**	**1,122**	**$**	**190,131**
Net increase (decrease) in cash		$	(57,459)	$	57,884
Cash, beginning of fiscal period			104,183		46,299
Cash, end of fiscal period		**$**	**46,724**	**$**	**104,183**

CANOPY RIVERS INC.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in CDN $000's, except for share amounts)	Number of Multiple Voting Shares	Number of Subordinated Voting Shares	Share capital	Share-based payment reserve	Contributed surplus	Retained earnings	Shareholders' equity
Balance at March 31, 2018	**36,468,318**	**94,134,333**	**$ 80,959**	**$ 6,262**	**$ 30,045**	**$ 74,964**	**$ 192,230**
Equity financing – April 6, 2018 – net of tax-effected share issue costs of $nil	-	454,545	500	-	-	-	500
Equity financing and RTO – September 17, 2018 – net of tax-effected share issue costs of $3,742	-	30,136,229	101,735	-	88	-	101,823
Equity financing – February 27, 2019 – net of tax-effected share issue costs of $2,948	-	19,475,000	90,532	-	-	-	90,532
Repayment of share purchase loans	-	-	311	-	-	-	311
Issuance of Subordinated Voting Shares pursuant to repayment of share purchase loans	-	6,227,776	6,671	(6,671)	-	-	-
Exercise of options (excluding seed capital options)	-	154,882	576	(430)	(25)	-	121
Exercise of warrants	-	9,371	36	-	(11)	-	25
Share-based compensation (Subordinated Voting Shares – seed capital)	-	-	-	8,910	-	-	8,910
Share-based compensation (Subordinated Voting Shares)	-	-	-	15,575	-	-	15,575
Warrant issuance (PharmHouse)	-	-	-	-	28,512	-	28,512
Net income	-	-	-	-	-	3,918	3,918
Other comprehensive loss	-	-	-	-	-	(34,271)	(34,271)
Balance at March 31, 2019	**36,468,318**	**150,592,136**	**$ 281,320**	**$ 23,646**	**$ 58,609**	**$ 44,611**	**$ 408,186**
Balance at March 31, 2019	**36,468,318**	**150,592,136**	**$ 281,320**	**$ 23,646**	**$ 58,609**	**$ 44,611**	**$ 408,186**
Deferred tax asset derecognition – share issuance costs	-	-	(2,237)	-	-	-	(2,237)
Repayment of share purchase loans	-	-	50	-	-	-	50
Issuance of Subordinated Voting Shares pursuant to repayment of share purchase loans	-	999,998	2,499	(2,499)	-	-	-
Exercise of options (excluding seed capital options)	-	1,244,997	3,014	(1,892)	-	-	1,122
Share-based compensation (Subordinated Voting Shares – seed capital)	-	-	-	1,599	-	-	1,599
Share-based compensation (Subordinated Voting Shares)	-	-	-	7,144	-	-	7,144
Share-based compensation (Restricted Share Units)	-	-	-	290	-	-	290
Contribution from shareholder on loan forgiveness	-	-	-	-	250	-	250
Net loss	-	-	-	-	-	(40,566)	(40,566)
Other comprehensive loss	-	-	-	-	-	(77,560)	(77,560)
Balance at March 31, 2020	**36,468,318**	**152,837,131**	**$ 284,646**	**$ 28,288**	**$ 58,859**	**$ (73,515)**	**$ 298,278**

1. DESCRIPTION OF BUSINESS

Canopy Rivers Inc. (the "Company" or "Canopy Rivers"), formerly AIM2 Ventures Inc. ("AIM2"), is the parent company of Canopy Rivers Corporation (CRC, as defined below). The Company is controlled by Canopy Growth Corporation ("CGC"), a publicly-traded corporation listed on the Toronto Stock Exchange ("TSX") under the trading symbol "WEED" and on the New York Stock Exchange ("NYSE") under the trading symbol "CGC". Canopy Rivers is a venture capital firm specializing in cannabis. The Company identifies strategic counterparties seeking financial and/or operating support, and aims to provide investor returns through dividends and capital appreciation, while generating interest, lease, and royalty income to finance employee compensation, professional fees, and other general and administrative costs associated with operating the business to generate these returns. Canopy Rivers is a publicly-traded corporation listed on the TSX under the trading symbol "RIV".

The Company was incorporated under the name "AIM2 Ventures Inc." by articles of incorporation pursuant to the *Business Corporations Act* (Ontario) on October 31, 2017. The principal business of the Company at the time of incorporation was the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction as such term is defined in Policy 2.4 of the TSX Venture Exchange (the "TSXV") Corporate Finance Manual (the "Manual"). On February 14, 2018, AIM2 completed its initial public offering and became a Capital Pool Company (as defined in Policy 2.4 of the Manual) listed on the TSXV under the trading symbol "AIMV.P" (amended on February 21, 2018, to "AIMB.P").

On September 17, 2018, AIM2 completed the acquisition of 100% of the issued and outstanding securities of Canopy Rivers Corporation ("CRC PrivateCo") in connection with a business combination involving the Company and CRC PrivateCo (the "Qualifying Transaction"). The Qualifying Transaction was completed by way of a "three-cornered" amalgamation pursuant to which CRC PrivateCo and 10859150 Canada Inc. ("SubCo"), a wholly-owned subsidiary of the Company, amalgamated and the resulting entity became a wholly-owned subsidiary of the Company and continued under the name "Canopy Rivers Corporation" ("CRC").

Immediately prior to the Qualifying Transaction, the Company changed its name from "AIM2 Ventures Inc." to "Canopy Rivers Inc." In addition, in connection with the Qualifying Transaction, the Company filed articles of amendment to consolidate (the "Consolidation") its existing common shares (the "Common Shares") on the basis of one post-Consolidation Common Share for every 26.565 pre-Consolidation Common Shares and to change its authorized capital to create two classes of shares, subordinated voting shares (the "Subordinated Voting Shares") and multiple voting shares (the "Multiple Voting Shares" and, together with the Subordinated Voting Shares, the "Shares"), and re-designate each outstanding post-Consolidation Common Share as a Subordinated Voting Share.

After giving effect to the Consolidation, AIM2 had 361,372 Shares, 36,137 options, and 18,821 broker warrants issued and outstanding immediately prior to the closing of the Qualifying Transaction. Upon the completion of the Qualifying Transaction, the Company had 166,943,425 Shares and 29,966,626 options and warrants issued and outstanding, with the former CRC PrivateCo shareholders holding 166,582,053 Shares, and the former CRC PrivateCo option holders and warrant holders holding 29,911,668 options and warrants (approximately 99.8% on a dilutive basis).

The Qualifying Transaction does not qualify as a business combination under *IFRS 3*, *Business Combinations*, because the accounting acquiree (AIM2) did not meet the definition of a business. As a result, for accounting purposes, the Qualifying Transaction has been accounted for as a reverse takeover asset acquisition with CRC being identified as the acquirer and the net assets of AIM2 being treated as the acquired assets, and a share-based payment under *IFRS 2, Share-based Payments* ("IFRS 2") related to the acquisition of the public company listing. Accordingly, these consolidated financial statements are presented as a continuation of CRC, which has a financial year-end of March 31. Additional information on the Qualifying Transaction is disclosed in Note 5.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were authorized for issue by the Company's Board of Directors (the "Board") on June 2, 2020.

All figures are presented in thousands of Canadian dollars unless otherwise noted.

(b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for the goods purchased and services provided.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Please refer to Notes 11, 12, and 17 for fair value considerations.

(c) Basis of preparation

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

(d) Principles of consolidation

The consolidated financial statements represent accounts of the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

As at March 31, 2020, the Company controlled the following legal entities:

- CRC
- 2683922 Ontario Inc.
- River Brands Inc. (formerly 2697688 Ontario Inc.)

The Company does not control any of its investees.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Cash and cash equivalents

Cash represents cash balances held with banks. Cash equivalents are highly liquid investments with original maturities of three months or less.

(b) Financial instruments

The Company applies *IFRS 9, Financial Instruments* ("IFRS 9") in accounting for its financial instruments.

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVTOCI")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL or FVTOCI are recognized immediately in profit or loss.

The Company accounts for its financial instruments under the following classifications:

• Cash	Amortized cost
• Interest and royalty receivable	Amortized cost
• Other receivables	Amortized cost
• Finance lease receivable	Amortized cost
• Loan receivable	Amortized cost
• Demand promissory note	Amortized cost
• Financial assets through profit or loss	FVTPL
• Financial assets through other comprehensive income	FVTOCI
• Accounts payable and accrued liabilities	Amortized cost

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are subsequently measured at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that do not meet the criteria for being measured at amortized cost nor FVTOCI are measured at FVTPL.

In certain cases, the Company may make the following irrevocable designation/election at initial recognition of a financial asset, on an asset-by-asset basis:

- The Company may designate an equity investment that would otherwise be classified as FVTPL and that is neither held for trading nor a contingent consideration arising from a business combination to be classified as FVTOCI. Please refer to Note 12 for the investments in equity instruments where the Company has made this designation.
- The Company may designate debt instruments that meet either the amortized cost criteria or the FVTOCI criteria to be classified as FVTPL if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Company has not designated any debt instruments as FVTPL.

A financial asset is classified as held-for-trading if:

- It has been acquired principally for the purpose of selling it in the near term;
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

Financial assets and liabilities at amortized cost

Cash, interest and royalty receivable, other receivables, finance lease receivable, loan receivable, demand promissory note, and accounts payable and accrued liabilities are measured at amortized cost using the effective interest method less any allowance for impairment. Gains and losses are recognized in profit or loss when the assets are derecognized or impaired, as well as through amortization.

Financial assets at FVTPL

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss is included in the "Net changes in fair value of financial assets at fair value through profit or loss" line item (Note 11). Income such as dividends and interest earned on FVTPL financial assets is presented and disclosed separately in the statement of profit and loss. Fair value is determined in the manner described in Note 17.

Financial assets at FVTOCI

Financial assets at FVTOCI are measured at fair value at the end of each reporting period. Any fair value gains or losses, net of taxes, are recognized in other comprehensive income included in retained earnings to the extent they are not part of a designated hedging relationship. Any dividend income earned on financial assets classified as FVTOCI would be recognized in net income. Fair value is determined in the manner described in Note 17.

Impairment of financial assets

Expected credit losses ("ECLs") represent a probability-weighted estimate of the present value of credit losses, discounted at the effective interest rate. The Company recognizes a loss allowance for ECLs on the following financial instruments that are not measured at FVTPL:

- Interest and royalty receivable
- Other receivables
- Finance lease receivable
- Loan receivable

No impairment loss is recognized for investments in equity instruments accounted for under IFRS 9.

The quantum of ECLs is updated at each reporting date to reflect changes in the credit risk associated with each respective financial instrument since initial recognition.

Where the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to the 12-month ECLs. The ECLs on these financial assets are measured as the probability-weighted present value of all expected cash shortfalls over the remaining expected life of the financial instrument, giving consideration to collateral and reasonable and supportable information about past events, current economic conditions, and forecasts of future events. The estimation and application of forward-looking information requires significant judgment. The measurement of ECLs is primarily based on the product of the financial instrument's probability of default ("PD"), loss given default ("LGD"), and exposure at default ("EAD"). A 12-month PD and lifetime PD are the probabilities of a default occurring over the next 12 months or over the life of a financial instrument, respectively, based on conditions existing at the statement of financial position date and on future economic conditions that have, or will have, an impact on credit risk. LGD reflects the losses expected should default occur and considers such factors as the mitigating effects of collateral and security, the realizable value thereof, and the time value of money. EAD is the expected balance owing at default and considers such factors as repayments of principal and interest beyond the statement of financial position date or additional amounts to be drawn.

The Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. Lifetime ECLs represent the ECLs that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portions of lifetime ECLs that are expected to result from default events that are possible within 12 months after the reporting date. The Company's policy is also to recognize lifetime ECLs for its finance lease receivable.

Financial assets are written-off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made would be recognized in profit or loss.

Financial liabilities

To the extent that any exist, financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL, except for commitments to provide a loan at a below-market interest rate.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost are accounted for using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability to the amortized cost of a financial liability. The Company measures its accounts payable and accrued liabilities at amortized cost.

(c) Investments in associates

Associates are entities over which the Company exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but without control or joint control over those policies. The Company accounts for its in-substance equity investments in associates using the equity method of accounting. Investments in associates, such as convertible debentures, that do not meet the criteria of in-substance equity instruments are accounted for in accordance with the nature of the instrument.

Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the associate since the acquisition date. To the extent that it exists, goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of income (loss) and other comprehensive loss reflects the Company's share of the results of operations of its associates. Any change in other comprehensive income of those investees is presented as part of the Company's other comprehensive income. In addition, when there has been a change recognized directly in the equity of the associate, the Company recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate. The aggregate of the Company's share of profit or loss of an associate is shown on the face of the statement of income (loss) and other comprehensive loss and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

After application of the equity method, the Company determines whether it is necessary to recognize any impairment losses on its investments in its associates. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the impairment charge within "Impairment of equity method investees" in the statement of income (loss) and other comprehensive loss. The recoverable amount is the greater of the associate's value in use and fair value less costs of disposal ("FVLCD"). Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's-length transaction between knowledgeable and willing parties. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets, discounted to present value using a suitable discount rate.

Upon loss of significant influence over an associate, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment (plus proceeds from disposal, if any) is recognized in profit or loss.

(d) Investment in joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in a joint venture are accounted for using the equity method and are initially recognized at cost.

The Company's share of its joint venture's post-acquisition profits or losses is recognized in the statement of income (loss) and other comprehensive loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Distributions received from an investee reduce the carrying amount of the investment. If the Company's share of losses of a joint venture equals or exceeds its interest in the joint venture, the Company does not provide for additional losses, unless it has incurred obligations or made payments on behalf of the joint venture.

At each reporting date, the Company determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognizes the loss in "Impairment of equity method investees" in the statement of income (loss) and other comprehensive loss.

(e) Foreign currency translation

All figures presented in the consolidated financial statements and the notes related thereto are reflected in Canadian dollars, which is the functional currency of the Company.

Foreign currency transactions are translated into Canadian dollars at exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to Canadian dollars at the foreign exchange rate applicable at that date. Realized and unrealized exchange gains and losses are recognized through profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The assets and liabilities of foreign operations are translated into Canadian dollars at period-end exchange rates. Exchange differences resulting from translating investments in foreign operations, including investments in foreign associates, are recognized in other comprehensive income and accumulated in equity.

(f) Leases

Effective April 1, 2019, the Company adopted *IFRS 16, Leases* ("IFRS 16") using the modified retrospective method, including a set of practical expedients and elections. Under this approach, the comparative information has not been restated and continues to be reported under *IAS 17, Leases* ("IAS 17").

IFRS 16 introduces a single lease accounting model that eliminates the prior distinction between operating and finance leases for lessees, and requires the recognition of a right-of-use asset and a lease liability at the lease commencement date for all leases, with the exception of short-term leases (under 12 months) and leases of low value.

IFRS 16 changes how the Company accounts for leases previously classified as operating leases under IAS 17, which were not recognized on the statement of financial position. From April 1, 2019, the Company:

- recognizes right-of-use assets and lease liabilities on the consolidated statement of financial position, initially measured at the present value of future lease payments;
- depreciates right-of-use assets on a straight-line basis over the shorter of the estimated useful life of the asset or the remaining lease term;
- presents interest expense on lease liabilities as a component of "Interest expense" within the consolidated statement of comprehensive income; and
- presents the principal portion of its total lease payments within "Financing activities" and the interest portion within "Operating activities" on the consolidated statement of cash flows.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with *IAS 36, Impairment of Assets*.

Prior to April 1, 2019, the Company classified all lease commitments as operating and did not record them on the consolidated statement of financial position. Operating lease payments were recognized as expenses on a straight-line basis over the lease term in "General and administrative expenses" within the consolidated statement of comprehensive income (or loss) and operating lease payments were reported as "Operating activities" in the consolidated statement of cash flows.

(Expressed in CDN $000's except share amounts)

The Company applied certain practical expedients and elections at April 1, 2019, the initial application date of IFRS 16. Specifically, the Company:

- continued to treat contracts determined to be leases under the prior accounting standard as leases under IFRS 16;
- measured right-of-use assets as equal to the lease liabilities on the date of transition, adjusted for prepaid rent and deferred rent;
- retained prior assessments of onerous lease contracts under *IAS 37, Provisions, Contingent Liabilities and Contingent Assets*; and
- excluded from recognized assets and liabilities, as applicable (a) initial direct costs to enter the lease; (b) leases with a remaining term of 12 months or less from April 1, 2019; and (c) low-value leases, all of which will continue to be accounted for as "General and administrative expenses" in the consolidated statement of comprehensive income (or loss).

The following table reconciles operating lease commitments at March 31, 2019, to lease liabilities recognized in the consolidated statement of financial position at April 1, 2019, the date of initial application.

	April 1, 2019
Operating lease commitments at March 31, 2019	$799
Leases beginning after April 1, 2019	-
Operating lease commitments subject to IFRS 16	**$799**
Discounted at 5.7%, the weighted average incremental borrowing rate at April 1, 2019	$690
Exemption of short-term and low value leases	-
Lease liabilities at April 1, 2019	**$690**

The operating lease commitment at March 31, 2019, excludes non-lease components, as the Company has elected to account for non-lease components separately as incurred.

In the context of transition to IFRS 16, the Company recognized right-of-use assets of $704 and lease liabilities of $690 as at April 1, 2019. The weighted average incremental borrowing rate applied to lease liabilities recognized in the consolidated statement of financial position at April 1, 2019, was approximately 5.7%.

Leases

For periods beginning from April 1, 2019:

A contract is or contains a lease if it conveys the right to control the use of an identified asset for a specified period in exchange for consideration. When the Company leases assets from third parties, the Company is the lessee. When the Company leases assets to third parties, the Company is the lessor.

Lessee

At the lease commencement date, a right-of-use asset for the underlying leased asset and corresponding lease liability are recognized in the consolidated statement of financial position measured on a present value basis. Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Company uses its incremental borrowing rate, which is the interest rate that the Company would pay to borrow funds to obtain an asset of a similar value to the right-of-use asset with a comparable security, economic environment, and term.

The right-of-use asset is included within "Right-of-use assets" and the lease liability is included in "Lease liability – current" and "Lease liability – non-current" within the consolidated statement of financial position. Right-of-use assets are measured based upon a number of factors, including:

- the initial amount of the lease liability; and
- lease payments made at or before the commencement date.

Lease liabilities are measured as the present value of non-cancellable payments over the lease term, which may include:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;

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

Where exercise of renewal or termination options is deemed reasonably certain, such assumptions are reflected in the valuation of the lease right-of-use asset and liability. The reasonably certain assessment is made at the lease commencement date and re-assessed if there is a material change in circumstances supporting the assessment.

Lease payments are apportioned between the liability and a finance charge, which is reported within "Interest expense" in the consolidated statement of comprehensive income (or loss). The right-of-use asset is depreciated over the shorter of the asset's useful life or the lease term on a straight-line basis and presented within "Depreciation and amortization expense" in the consolidated statement of comprehensive income (or loss).

The Company's only applicable lease is a property lease, for which fixed payments covering principal lease payments are included in the value of the right-of-use assets and lease liabilities. Non-lease components such as maintenance costs, property tax, and operating expenses are expensed as incurred within "General and administrative expenses" in the consolidated statement of comprehensive income (or loss).

Payments for leases with a term of 12 months or less and low-value leases, if any, are recognized on a straight-line basis within "General and administrative expenses" in the consolidated statement of comprehensive income (or loss) and are not recognized prior to accrual in the consolidated statement of financial position.

Lessor

Lessor arrangements are classified as finance leases when substantially all of the risks and rewards of the underlying asset transfer to the lessee. A receivable, equal to the net investment in the lease, is recognized on the consolidated statement of financial position at the commencement date with an offset to the underlying asset. The receivable is measured as the present value of non-cancellable payments to be received by the Company over the lease term. The payments are discounted using the interest rate implicit in the lease, if this can be readily determined, or at the Company's incremental borrowing rate, if the implicit rate cannot be determined. A gain or loss is recorded in "Other expenses (income), net" within the consolidated statement of comprehensive income (or loss) for the difference between the carrying value of the underlying asset and the lease receivable. Lease payments are apportioned between the lease receivable and finance income, which is reported within "Income on finance lease receivable" in the consolidated statement of comprehensive income (or loss).

When the Company retains the risks and rewards of the underlying asset, the arrangement is classified as an operating lease. Payments received under operating leases are recognized as income on a straight-line basis over the lease term. The carrying value of the underlying asset is retained on the consolidated statement of financial position and amortized over the remaining term, determined as the shorter of the estimated useful life of the asset or the remaining lease term.

(g) Income taxes

The Company uses the liability method to account for income taxes. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities for accounting purposes, and their respective tax bases. Deferred income tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in statutory tax rates is recognized in profit or loss in the year of change. Deferred income tax assets are recorded when their recoverability is considered probable and are reviewed at the end of each reporting period.

(h) Share-based compensation

The Company measures equity-settled share-based payments based on their fair value at the deemed grant date and recognizes compensation expense over the vesting period based on the Company's estimate of equity instruments that will eventually vest. Expected forfeitures are estimated at the date of grant and subsequently adjusted if further information indicates actual forfeitures may vary from the original estimate. The impact of the revision of the original estimate is recognized in profit or loss such that the cumulative expense reflects the revised estimate. For share-based payments granted to non-employees, the compensation expense is measured at the fair value of the goods and services received except where the fair value cannot be estimated, in which case it is measured at the fair value of the equity instruments granted. The fair value of share-based compensation to non-employees is periodically re-measured until counterparty performance is complete, and any change therein is recognized over the period and in the same manner as if the Company had paid cash instead of paying with or using equity instruments. Consideration paid by employees or non-employees on the exercise of stock options is recorded as share capital and the related share-based compensation is transferred from share-based reserve to share capital.

(i) Segment information

The Company's chief operating decision maker is represented by key management personnel. For management purposes, the Company is organized into one main operating segment, which invests in entities in the cannabis space and seeks to provide investor returns through dividends, interest, rent, royalties, and capital appreciation. All of the Company's activities and resources are interrelated and allocated collectively to pursue this business purpose. Accordingly, all significant operating decisions are based upon an analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

(j) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the net earnings available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted EPS is calculated using the treasury stock method of calculating the weighted average number of common shares outstanding. The treasury stock method assumes that outstanding stock options with an average exercise price below the market price of the underlying shares are exercised and the assumed proceeds are used to repurchase common shares of the Company at the average price of the common shares for the period.

(k) New and revised IFRS issued but not yet effective

Certain new standards, amendments, and interpretations have been published that are mandatory for the Company's accounting periods beginning on or after April 1, 2020, and have not been applied in preparing the consolidated financial statements for the twelve months ended March 31, 2020. These standards and interpretations are not expected to have a material impact on the Company's consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Actual results may differ from these estimates.

No significant influence over Vert Mirabel

Note 11(d) describes that Vert Mirabel is not an associate of the Company, although the Company owns a 26% interest in Vert Mirabel. The Company does not have significant influence over Vert Mirabel as no significant contractual rights, including the rights to appoint directors to the board of directors of that company, are held by CRC.

Share-based compensation

In calculating the share-based compensation expense, key estimates such as the rate of forfeiture of options granted, the expected life of the options, and the volatility of the Company's stock price are used.

Refer to Note 14 for additional details on the Company's measurement of share-based payments.

Fair value measurement and valuation process

In estimating the fair value of a financial asset or a liability, the Company uses market-observable data to the extent it is available. Where such Level 1 inputs are not available, the Company uses various valuation models to determine the fair value of its financial instruments.

In certain limited circumstances, the Company may consider cost to be an appropriate estimate of the fair value of an investment in equity instruments, such as when insufficient more recent information is available to measure fair value or there is a wide range of possible fair value measurements and cost represents the best estimate within that range. The Company uses all information about the performance and operations of the investee that becomes available after initial recognition of the financial asset to consider whether there are indicators that cost might not be representative of fair value, including significant changes in performance compared to plans or comparable entities, changes in the market or economy, or evidence from external transactions in the investee's equity.

When estimating the fair value of warrants held in private entities using a Black-Scholes option pricing model, the Company estimates the expected annual volatility based on observed historical volatility for comparable public companies.

Refer to Notes 11, 12, and 17 for additional details on the Company's fair value measurement.

Impairment

Investments in associates and joint ventures are tested for impairment when there are indicators of impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. Judgment is used to determine whether a triggering event has occurred requiring an impairment test to be completed.

The impairment assessment in respect of an investment in a joint venture or associate (equity-accounted investees) comprises two successive steps.

1. Apply the equity method to recognize the investor's share of any impairment losses for the investee's identifiable assets.
2. When there is an indication of a possible impairment, test the investment as a whole and recognize any additional impairment loss.

In determining the recoverable amount of an investment in associate or joint venture, various estimates are employed. The Company determines recoverable amounts using such estimates as multiples for comparable operating companies for which public information is available, adjusted book values of the investee's assets and liabilities, and projected future cash flows, including pricing and production estimates, and capital investment. When projected future cash flows are considered, the Company estimates discount rates based upon external industry information reflecting the risk associated with the specific cash flows.

5. REVERSE TAKE OVER TRANSACTION

On September 17, 2018, the Company, formerly AIM2, completed its Qualifying Transaction, which was effected pursuant to an agreement between AIM2, CRC PrivateCo, and SubCo. After giving effect to the Consolidation, AIM2 had 361,372 Shares, 36,137 options, and 18,821 broker warrants issued and outstanding immediately prior to the closing of the Qualifying Transaction. Upon the completion of the Qualifying Transaction, the Company had 166,943,425 Shares and 29,966,626 options and warrants issued and outstanding, with the former CRC PrivateCo shareholders holding 166,582,053 Shares and the former CRC PrivateCo option holders and warrant holders holding 29,911,668 options and warrants (approximately 99.8% on a dilutive basis).

The Qualifying Transaction is a reverse acquisition of AIM2 and has been accounted for under IFRS 2. Accordingly, the Qualifying Transaction has been accounted for at the fair value of the equity instruments granted by the shareholders of CRC PrivateCo to the shareholders, option holders, and warrant holders of AIM2. Consideration paid by the acquirer (CRC) is measured at the fair value of the equity issued to the shareholders, option holders and warrant holders of AIM2, which was estimated to be $1,353 (361,372 shares at $3.50 per share, and 36,137 options and 18,821 broker warrants measured using the Black-Scholes option pricing model), with the excess amount above the fair value of the net assets acquired treated as a listing expense in profit or loss. Transaction costs of $773 occurred in connection with the Qualifying Transaction have been allocated between the listing expense and share issue costs incurred in conjunction with a concurrent equity raise by CRC PrivateCo.

(Expressed in CDN $000's except share amounts)

6. CASH AND RESTRICTED CASH

As at March 31, 2020, the Company did not hold any cash that was classified as restricted cash (March 31, 2019 – $12,000). This amount, if any, represents the minimum cash balance required to be held by CRC pursuant to the PharmHouse Credit Agreement (as defined and described in Note 10(c)). During the twelve months ended March 31, 2020, certain events occurred that temporarily reduced this requirement.

7. BROKERAGE PAYMENTS DEPOSIT

On October 23, 2019, the Company entered a strategic alliance with Kindred Partners Inc. ("Kindred"), a Canadian specialty cannabis brokerage and services company. The strategic alliance provides the Company's licensed producer portfolio companies with access to Kindred's expertise and distribution channels in order to enhance their revenue-generating capabilities.

Under the terms of the strategic alliance agreement, the Company will arrange, on a best-efforts basis, for its licensed producer portfolio companies to enter into brokerage agreements with Kindred. Pursuant to the terms of the strategic alliance agreement, the Company is required to pay to Kindred specified amounts depending upon the Company's licensed producer portfolio companies meeting certain aggregate brokerage fee milestones as measured at the end of each calendar quarter. On a quarterly basis, the minimum aggregate brokerage fees that must be paid by the Company's portfolio companies to Kindred is $750, with an annual minimum aggregate brokerage fee of $3,000 for a two-year period. The difference, if any, between the actual brokerage fees paid by the Company's portfolio companies to Kindred and the applicable minimum aggregate brokerage fee is payable by the Company to Kindred (the "Brokerage Payments").

In connection with the agreement, the Company provided Kindred with a $1,000 refundable deposit, which will be used to cover any required Brokerage Payments. If the minimum aggregate brokerage fees are met at the end of either the first or second year of the agreement, the entire deposit will be refunded to the Company. Upon initial recognition, the Company recorded the deposit as an asset. At the end of each reporting period, the Company will assess the estimated shortfall amounts over the contract term and recognize an expense rationally over the contract term. For the twelve months ended March 31, 2020, the Company recorded a shortfall expense of $167 (March 31, 2019 – not applicable), which was applied against the Brokerage Payments Deposit.

In accordance with *IAS 37, Provisions, Contingent Liabilities and Contingent Assets*, the Company has determined it has a possible obligation to fund the Brokerage Payments. Please refer to Note 19 for additional details.

8. FINANCE LEASE RECEIVABLE

In August 2017, the Company acquired a building located in New Brunswick, Canada. The building was leased to The Tweed Tree Lot Inc. ("Tweed Tree Lot"), formerly Spot Therapeutics Inc., a company licensed to cultivate cannabis under the Cannabis Act and wholly-owned subsidiary of CGC, under a financing lease agreement for a period of 20 years commencing on October 6, 2017, for an aggregate total of minimum payments due of $14,773.

	As at March 31, 2020	As at March 31, 2019
Non-current finance lease receivable	$ 2,772	$ 2,695
Total	**$ 2,772**	**$ 2,695**

(Expressed in CDN $000's except share amounts)

Scheduled collections of minimum monthly lease payments based on the contractual terms as at March 31, 2020, and March 31, 2019, are presented in the following schedules:

	As at March 31, 2020	
	Minimum Lease Payments	**Applied to Principal**
No later than one year	$ 563	$ (97)
Later than one year and not later than 5 years	2,543	(328)
Later than 5 years	10,269	3,197
	$ 13,375	$ 2,772
Less: Unearned finance income	(10,603)	-
Present value of minimum lease payments	$ 2,772	$ 2,772
Allowance for uncollectible lease payments	-	-
	$ 2,772	**$ 2,772**

	As at March 31, 2019	
	Minimum Lease Payments	**Applied to Principal**
No later than one year	$ 563	$ (77)
Later than one year and not later than 5 years	2,426	(363)
Later than 5 years	10,949	3,135
	$ 13,938	$ 2,695
Less: Unearned finance income	(11,243)	-
Present value of minimum lease payments	$ 2,695	$ 2,695
Allowance for uncollectible lease payments	-	-
	$ 2,695	**$ 2,695**

The unguaranteed residual value of the building under lease is estimated to be $2,609 (March 31, 2019 – $2,609).

The interest rate inherent in the lease is fixed at the contract date for the entire lease term at a rate of approximately 23.4%.

Income on finance lease receivable of $657 (inclusive of management fee income) was recognized for twelve months ended March 31, 2020 (twelve months ended March 31, 2019 – $641). The finance lease receivable as at March 31, 2020, and March 31, 2019, is neither past due nor impaired.

9. LOANS RECEIVABLE

As at March 31, 2020, the Company has advanced $40,000 of secured debt financing pursuant to a shareholder loan agreement with PharmHouse Inc. ("PharmHouse") (March 31, 2019 – $40,000). The debt has a three-year term and an annual interest rate of 12%, with interest calculated monthly (effective as at the date principal is advanced) and payable quarterly after receipt of a licence to sell cannabis at PharmHouse's initial production and processing facility. Interest income of $4,858 was recognized for the twelve months ended March 31, 2020 (twelve months ended March 31, 2019 – $1,634). As at March 31, 2020, the Company has $6,492 interest receivable relating to the Company's shareholder loan from PharmHouse (March 31, 2019 – $1,634).

On December 27, 2019, the Company and 2615975 Ontario Limited (the "PharmHouse JV Partner") entered into a demand promissory note agreement to advance additional funds to PharmHouse. All amounts to be advanced to PharmHouse are on a pro rata basis in accordance with the equity ownership of each of the Company and the PharmHouse JV Partner. Concurrent with the execution of the demand promissory note, the Company made a pro rata advance under the demand promissory note agreement of $1,470. The demand promissory note is non-interest bearing both before and after demand or default. Based on the terms of the demand promissory note, the Company has recognized the demand promissory note as a financial asset initially recorded at fair value and subsequently measured at amortized cost. As at March 31, 2020, the Company had advanced $2,450 to PharmHouse pursuant to the demand promissory note (March 31, 2019 – not applicable).

Please refer to Note 10(c) for additional details on the Company's investments in PharmHouse.

(Expressed in CDN $000's except share amounts)

10. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE

Associates are entities over which the Company exercises significant influence. The Company assesses each instrument underlying its investments in associates and joint venture for appropriate accounting treatment.

Details of each of the Company's associates and joint venture at the end of the reporting period are as follows:

Name and Classification of Associate or Joint Venture	Intended Principal Activity	Nature of Investment	Place of Principal Business	Method of Accounting	Note	March 31, 2020 Ownership Interest (Non-Diluted)
Radicle (Associate)	Vertically-integrated cannabis operations	Common shares	Canada	Equity method	10(a)	25%(i)
		Royalty interest		FVTPL	11(c)	
		Convertible debenture		FVTPL	11(c)	
		Warrants		FVTPL	11(c)	
Civilized (Associate)	Media company and lifestyle brand	Convertible debenture	Canada	FVTPL	10(b) 11(e)	0%(ii)
		Warrants		FVTPL	11(e)	
PharmHouse (Joint Venture)	Vertically-integrated cannabis operations	Common shares	Canada	Equity method	10(c)	49%(iii)
		Shareholder loan		Amortized cost	9	
		Promissory note		Amortized cost	9	
Canapar (Associate)	Hemp-derived CBD extraction	Common shares	Italy	Equity method	10(d)	49%(iv)
		Call option		FVTPL	11(f)	
Greenhouse Juice (Associate)	Plant-based beverage production and distribution	Convertible debentures	Canada	FVTPL	10(e) 11(g)	0%(v)
		Warrants		FVTPL	11(g)	
Herbert (Associate)	Adult-use cannabis beverage and edible production and distribution	Preferred shares	Canada	Equity method	10(f)	27%(vi)
		Warrant		FVTPL	11(h)	
LeafLink Intl. (Associate)	B2B supply chain and marketplace technology platform	Common shares	Canada	Equity method	10(g)	18%(vii)
High Beauty (Associate)	Cannabis beauty products production and distribution	Preferred shares	United States	Equity method	10(h)	21%(viii)
		Convertible promissory note		FVTPL	11(i)	
		Warrants		FVTPL	11(i)	

(i) The Company owns 24% of the equity of Radicle on a fully diluted basis and has the right to designate 20% of the director nominees.

(ii) As at March 31, 2020, the Company does not hold any voting shares in Civilized. The Company has provided debt financing in the form of a convertible debenture and holds warrants in Civilized that together, if exercised, represent approximately 26% of the equity of Civilized on a fully diluted basis. Additionally, the Company has the right to designate 20% of the director nominees.

(iii) The Company owns 49% of the equity of PharmHouse on a fully diluted basis and has the right to designate 40% of the director nominees.

(iv) The Company owns 45% of the equity of Canapar Corp. on a fully diluted basis. Canapar Corp. is a private company incorporated in Canada that owns 100% of the issued and outstanding common shares of Canapar SrL, an Italian entity. Additionally, the Company has the right to designate one nominee to Canapar Corp.'s three-member board of directors; the Company's nomination right increases to two nominees in the event that the number of members of Canapar Corp.'s board of directors increases above five members.

(Expressed in CDN $000's except share amounts)

(v) As at March 31, 2020, the Company does not hold any voting shares in Greenhouse Juice. The Company has provided debt financing in the form of convertible debentures and holds warrants in Greenhouse Juice that together, if exercised, represent approximately 26% of the equity of Greenhouse Juice on a fully diluted basis (excluding the control warrant, discussed below). Additionally, the Company has the right to designate 20% of the director nominees.

(vi) The Company owns 25% of the equity of Herbert on a fully diluted basis (excluding the control warrant, discussed below) and has the right to designate 20% of the director nominees.

(vii) The Company owns 17% of the equity of LeafLink Intl. on a fully diluted basis and has the right to designate 33% of the director nominees.

(viii) The Company owns 21% of the equity of High Beauty on a fully diluted basis and has the right to designate 20% of the director nominees.

As identified above, only certain investments in associates are accounted for using the equity method. The following tables outline changes in the Company's equity method investees for the twelve months ended March 31, 2020, and 2019.

Entity	Balance at April 1, 2019	Additions	Share of income / (loss)	Dividend / interest income	FX gain / (loss)	Impairment expense	Balance at March 31, 2020
Radicle	$ 3,472	$ -	$ (1,535)	$ -	$ -	$ -	$ 1,937
PharmHouse	39,278	-	(2,253)	-	-	-	37,025
Canapar	18,062	-	(1,386)	-	-	(8,176)	8,500
Herbert	1,406	-	(182)	-	-	(1,124)	100
LeafLink Intl.	2,673	-	(157)	-	(35)	-	2,481
High Beauty	-	2,867	(642)	-	137	(1,862)	500
Total	**$ 64,891**	**$ 2,867**	**$ (6,155)**	**$ -**	**$ 102**	**$ (11,162)**	**$ 50,543**

Entity	Balance at April 1, 2018	Additions	Share of income / (loss)	Dividend / interest income	FX gain / (loss)	Impairment expense	Balance at March 31, 2019
Radicle	$ 4,754	$ -	$ (1,124)	$ (158)	$ -	$ -	$ 3,472
PharmHouse	-	40,231	(953)	-	-	-	39,278
Canapar	-	18,150	(88)	-	-	-	18,062
Herbert	-	1,406	-	-	-	-	1,406
Leaflink Intl.	-	2,638	-	-	35	-	2,673
Total	**$ 4,754**	**$ 62,425**	**$ (2,165)**	**$ (158)**	**$ 35**	**$ -**	**$ 64,891**

The summarized financial information set out below represents amounts shown in the associates' and joint venture's financial statements prepared in accordance with IFRS (adjusted by the Company for accounting purposes). In accordance with *IAS 28, Investments in Associates and Joint Ventures*, the Company has elected to account for its investments in associates and joint venture one quarter in arrears. The amounts presented account for any significant transactions that have occurred since the indicated reporting period end.

(Expressed in CDN $000's except share amounts)

As at and for the twelve months ended March 31, 2020

Entity	Applicable reporting period	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Income / (loss)
Radicle	Dec. 31, 2019	$ 5,530	$ 9,686	$ 1,166	$ 9,845	$ 6,680	$ (5,670)
PharmHouse	Dec. 31, 2019	5,755	163,718	65,765	87,659	-	(4,665)
Canapar	Dec. 31, 2019	15,231	10,277	1,722	-	-	(2,624)
Herbert	Dec. 31, 2019	852	666	452	-	-	(678)
LeafLink Intl.	Dec. 31, 2019	3,149	11,886	86	-	8	(864)
High Beauty	Dec. 31, 2019	1,271	278	1,483	755	334	(3,101)

As at and for the twelve months ended March 31, 2019

Entity	Applicable reporting period	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Income / (loss)
Radicle	Dec. 31, 2018	$ 8,100	$ 8,495	$ 648	$ 6,106	$ 1,126	$ (4,616)
PharmHouse	Dec. 31, 2018	11,815	50,754	4,514	40,000	-	(1,944)
Canapar	Dec. 31, 2018	14,300	4,405	14	-	-	(200)
Herbert	n/a	1,500	-	-	-	-	-
LeafLink Intl.	n/a	2,638	-	-	-	-	-

In addition to the summarized financial information above, the information set out below represents additional information shown in the Company's joint venture's financial statements.

As at and for the twelve months ended March 31, 2020

Entity	Applicable reporting period	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Dep. / amort.	Interest income	Interest expense	Income tax expense / (recovery)
Pharm-House	Dec 31, 2019	$ 4,708	$ 42,964	$ 87,659	$ 145	$ 35	$ -	$ -

The Company assessed its investments in associates and joint venture for indicators of impairment as at March 31, 2020, and 2019, and determined that indicators were present for certain associates as at March 31, 2020. The Company considers external and internal factors, including overall financial performance and relevant entity-specific factors, as part of this assessment.

Canapar

As at March 31, 2020, the Company determined that there were indicators of impairment present for its equity investment in Canapar, primarily driven by the uncertain regulatory and economic environment in Italy due to the COVID-19 (as defined herein) global pandemic, which has extended the delays in Canapar's timeline to revenue generation, among other factors.

The Company first applied the equity method to determine the carrying value of its investment in Canapar common shares, and then performed impairment testing in accordance with *IAS 36, Impairment of Assets.* The recoverable amount of its investment in Canapar common shares was determined by estimating fair value less costs of disposal ("FVLCD") (based upon an adjusted net book value method using Level 3 inputs). The significant assumptions applied in the determination of the recoverable amount included a recoverability range applied to the assets and liabilities of Canapar.

As a result of the impairment test, the Company concluded that the carrying value of its equity investment in Canapar was higher than the recoverable amount and recognized an impairment charge of $8,176 for the twelve months ended March 31, 2020 (twelve months ended March 31, 2019 – $nil). The Company allocated the impairment charge to the equity investment in Canapar as a whole.

Herbert

As at March 31, 2020, the Company determined that there were indicators of impairment present for its equity investment in Herbert, primarily driven by financial difficulties experienced by Herbert caused by a slower-than-expected ramp-up of commercial activities.

The Company first applied the equity method to determine the carrying value of its investment in Herbert preferred shares, and then performed impairment testing in accordance with *IAS 36, Impairment of Assets*. The recoverable amount of its investment in Herbert preferred shares was determined by estimating FVLCD (based upon an adjusted net book value method using Level 3 inputs). The significant assumptions applied in the determination of the recoverable amount included a recoverability range applied to the assets and liabilities of Herbert.

As a result of the impairment test, the Company concluded that the carrying value of its equity investment in Herbert was higher than the recoverable amount and recognized an impairment charge of $1,124 for the twelve months ended March 31, 2020 (twelve months ended March 31, 2019 – $nil). The Company allocated the impairment charge to the equity investment in Herbert as a whole.

High Beauty

As at March 31, 2020, the Company determined that there were indicators of impairment present for its equity investment in High Beauty, primarily driven by revenue challenges experienced by High Beauty caused by the impact of the COVID-19 global pandemic on U.S. and Canadian retail distribution, among other factors.

The Company first applied the equity method to determine the carrying value of its investment in High Beauty preferred shares, and then performed impairment testing in accordance with *IAS 36, Impairment of Assets*. The recoverable amount of its investment in High Beauty preferred shares was determined by estimating FVLCD (based upon a market-based approach to value using Level 3 inputs). The significant assumptions applied in the determination of the recoverable amount included the selection of comparable businesses for which public information is available, revenue multiples observed in comparable transactions (adjusted for a private company discount), and annualized revenue assumptions.

As a result of the impairment test, the Company concluded that the carrying value of its equity investment in High Beauty was higher than the recoverable amount and recognized an impairment charge of $1,862 for the twelve months ended March 31, 2020 (twelve months ended March 31, 2019 – not applicable). The Company allocated the impairment charge to the equity investment in High Beauty as a whole.

INVESTMENTS HELD AS AT MARCH 31, 2019

a) Radicle

Radicle Medical Marijuana Inc., a wholly-owned subsidiary of Radicle Cannabis Holdings Inc. (together, "Radicle"), is a company licensed to cultivate, process, and sell cannabis and cannabis oils under the Cannabis Act.

As at March 31, 2020, the Company owned 17,588,424 common shares of Radicle (March 31, 2019 – 17,588,424 common shares), representing a 25% equity interest on a non-diluted basis.

For the twelve months ended March 31, 2020, the Company recognized its share of Radicle's net loss in the amount of $1,535 (twelve months ended March 31, 2019 - $1,124). The Company had not yet received any distributions on account of its common share investment in Radicle.

Please refer to Note 11(c) for additional details on the Company's investment in Radicle.

b) Civilized

Civilized Worldwide Inc. ("Civilized") is a modern media company and lifestyle brand focused on elevating cannabis culture.

As at March 31, 2019, the Company had advanced $5,000 to Civilized pursuant to a convertible debenture agreement and held common share purchase warrants in Civilized. On April 9, 2019, the Company and Civilized amended the terms of the convertible debenture agreement. As a result of the agreed upon amendments, among other things, the date upon which accrued interest becomes payable was extended and the conversion price decreased.

On October 28, 2019, the Company and Civilized entered into a second amendment to the terms of the convertible debenture agreement. As a result of the agreed upon amendments, among other things, the Company advanced an additional $120 to Civilized. Accordingly, as at March 31, 2020, the principal amount advanced to Civilized pursuant to the convertible debenture was $5,120 (March 31, 2019 – $5,000) and was convertible into 467,580 class A common shares of Civilized (March 31, 2019 – 397,227 class A common shares). Both the convertible debenture and warrants are currently exercisable and, if exercised, would together represent approximately 26% of the equity of Civilized on a fully diluted basis as at March 31, 2020.

The convertible debenture and warrants are accounted for at FVTPL. Please refer to Note 11(e) for additional details on the Company's investment in Civilized.

c) PharmHouse

PharmHouse, a joint venture between the Company and the PharmHouse JV Partner, is a company licensed to cultivate cannabis under the Cannabis Act.

As at March 31, 2020, the Company owned 10,998,660 common shares of PharmHouse (March 31, 2019 – 10,998,660 common shares), representing a 49% equity interest on a non-diluted basis.

For the twelve months ended March 31, 2020, the Company recognized its share of PharmHouse's net loss in the amount of $2,253 (twelve months ended March 31, 2019 – $953). The Company had not yet received any distributions on account of its common share investment in PharmHouse.

As at March 31, 2020, the Company had also advanced additional capital to PharmHouse in the form of a shareholder loan and a demand promissory note. Please refer to Note 9 for additional details on the Company's investments in PharmHouse.

As at March 31, 2020, PharmHouse had entered a syndicated credit agreement (the "PharmHouse Credit Agreement") with a number of Canadian banks to provide PharmHouse with a committed, non-revolving credit facility with a maximum principal amount of $80,000 (the "PharmHouse Credit Facility"). The obligations of PharmHouse under the PharmHouse Credit Facility are secured by guarantees of the Company and CRC, and a pledge by CRC of all of the shares of PharmHouse held by it. The PharmHouse Credit Agreement also contains certain representations and warranties and affirmative covenants applicable to the Company. Please refer to Note 22 for additional details on the PharmHouse Credit Agreement.

d) Canapar

Canapar Corp. ("Canapar"), through its wholly-owned subsidiary, Canapar SrL ("Canapar Italy"), is a company focused on hemp-derived cannabidiol ("CBD") extraction in Italy.

As at March 31, 2020, the Company owned 29,833,333 common shares of Canapar (March 31, 2019 – 29,833,333), representing a 49% equity interest on a non-diluted basis.

For the twelve months ended March 31, 2020, the Company recognized its share of Canapar's net loss in the amount of $1,386 (twelve months ended March 31, 2019 – $88). The Company had not yet received any distributions on account of its common share investment in Canapar.

During the twelve months ended March 31, 2020, the Company assessed the carrying value of its common share investment in Canapar against the estimated recoverable amount, and as a result, recognized an impairment charge of $8,176, which has been recognized through the consolidated statement of income (loss) and other comprehensive loss (twelve months ended March 31, 2019 – $nil).

The Company also owns a call option to purchase 100% of Canapar's interest in its investees. The call option is accounted for at FVTPL. Please refer to Note 11(f) for additional details on the Company's investment in Canapar.

e) Greenhouse Juice Company

Greenhouse Juice Company, legally 10831425 Canada Ltd. ("Greenhouse Juice"), is an organic, plant-based beverage producer and distributor.

As at March 31, 2019, the Company had advanced $6,000 to Greenhouse Juice pursuant to a senior secured convertible debenture agreement (the "Greenhouse Secured Debenture"). As part of the investment, the Company also committed to invest an additional $3,000 in Greenhouse Juice pursuant to an unsecured convertible debenture agreement (the "Greenhouse Unsecured Debenture") and received preferred share purchase warrants and a control warrant. The Company is required to exercise $3,000 in preferred share purchase warrants upon the achievement of certain revenue targets.

On May 1, 2019, the Company advanced $3,000 to Greenhouse Juice pursuant to the Greenhouse Unsecured Debenture.

Accordingly, as at March 31, 2020, the Company had advanced $6,000 to Greenhouse Juice pursuant to the Greenhouse Secured Debenture (March 31, 2019 – $6,000) and $3,000 to Greenhouse Juice pursuant to the Greenhouse Unsecured Debenture (March 31, 2019 – not applicable). The Greenhouse Secured Debenture, Greenhouse Unsecured Debenture, and warrants are currently exercisable and, if exercised, would together represent approximately 26% of the equity of Greenhouse Juice on a fully diluted basis as at March 31, 2020. In connection with its original investment in Greenhouse Juice, the Company also owns an additional control warrant that, if exercised, would increase its ownership interest in Greenhouse Juice to 51%.

The Greenhouse Secured Debenture, Greenhouse Unsecured Debenture, and warrants are accounted for at FVTPL. Please refer to Note 11(g) for additional details on the Company's investment in Greenhouse Juice.

f) Herbert

Herbert Works, legally 10663522 Canada Inc. ("Herbert"), an early-stage brand platform focusing on the adult-use cannabis beverage market, is a company licensed to conduct research and development activities under the Cannabis Act. Herbert's intention is for its core beverage offering to focus primarily around tetrahydrocannabinol ("THC") infused products designed for distribution within Canada.

As at March 31, 2020, the Company owned 4,074,074 preferred shares of Herbert (March 31, 2019 – 4,074,074), representing a 27% equity interest on a non-diluted basis.

For the twelve months ended March 31, 2020, the Company recognized its share of Herbert's net loss in the amount of $182 (twelve months ended March 31, 2019 – $nil). The Company had not yet received any distributions on account of its preferred share investment in Herbert.

During the twelve months ended March 31, 2020, the Company assessed the carrying value of its preferred share investment in Herbert against the estimated recoverable amount, and as a result, recognized an impairment charge of $1,124, which has been recognized through the consolidated statement of income (loss) and other comprehensive loss (twelve months ended March 31, 2019 – $nil).

The Company also owns a warrant that, if exercised, would increase its ownership interest in Herbert to 51%. The warrant is accounted for at FVTPL. Please refer to Note 11(h) for additional details on the Company's investment in Herbert.

g) LeafLink Intl.

LeafLink Services International ULC ("LeafLink Intl.") is a venture that exclusively licenses business-to-business ("B2B") marketplace and supply chain technology from LeafLink Inc., a U.S.-based company, for deployment throughout regulated international cannabis markets (i.e. excluding the U.S.).

As at March 31, 2020, the Company owned 2,000,000 common shares of LeafLink Intl. (March 31, 2019 – 2,000,000), representing an 18% equity interest on a non-diluted basis.

For the twelve months ended March 31, 2020, the Company recognized its share of LeafLink Intl.'s net loss in the amount of $157 (twelve months ended March 31, 2019 – $nil). The Company had not yet received any distributions on account of its common share investment in LeafLink Intl.

NEW INVESTMENTS DURING THE TWELVE MONTHS ENDED MARCH 31, 2020

h) High Beauty

High Beauty Inc. ("High Beauty") is the creator of the cannabis beauty brand *high*. *high* is formulated using cannabis sativa seed oil, which is free of psychoactive substances including THC and CBD, in combination with certified organic plant oils, high potency antioxidants, and pure plant essential oils. High Beauty's current facial products include a facial cleansing foam oil and facial moisturizer, and the company has distribution partnerships in Canada, the U.S. and the European Union, including with Sephora, Urban Outfitters, Amazon, Douglas, and the SkinStore.

On April 2, 2019, the Company acquired 2,500,000 preferred shares of High Beauty at a price of $1.33 per preferred share (U.S. $1.00) for a total investment of $3,335 (U.S. $2,500). As part of the investment, the Company received a warrant to purchase 500,000 preferred shares of High Beauty at a price of U.S. $0.01 per share. In connection with the investment, the Company also has the right to designate 20% of the nominees to High Beauty's board of directors.

On December 3, 2019, the Company advanced an additional $1,009 (U.S. $750) to High Beauty pursuant to a senior secured convertible promissory note and received additional warrants to purchase preferred shares. The convertible promissory note bears interest at an initial rate of 8% per annum, compounded annually, and is convertible into preferred equity of High Beauty at maturity. In the event of a qualified financing achievement before the maturity date, the outstanding principal amount and any accrued interest shall automatically convert in whole into preferred equity of High Beauty following the qualified financing. The additional warrants have a face value of $151 (U.S. $113) at an exercise price per share equal to the price per share paid by other investors in High Beauty's qualified financing.

As at March 31, 2020, the Company's investments in High Beauty, taken together, represented a 21% equity interest on a fully diluted basis.

For the twelve months ended March 31, 2020, the Company recognized its share of High Beauty's net loss in the amount of $642 (twelve months ended March 31, 2019 – not applicable). The Company had not yet received any distributions on account of its preferred share investment in High Beauty.

During the twelve months ended March 31, 2020, the Company assessed the carrying value of its preferred share investment in High Beauty against the estimated recoverable amount, and as a result, recognized an impairment charge of $1,862, which has been recognized through the consolidated statement of income (loss) and other comprehensive loss (twelve months ended March 31, 2019 – not applicable).

The convertible promissory note and warrants are accounted for at FVTPL. Please refer to Note 11(i) for additional details on the Company's investment in High Beauty.

(Expressed in CDN $000's except share amounts)

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The following tables outline changes in financial assets measured at FVTPL for the twelve months ended March 31, 2020, and 2019:

Entity	Instrument	Note	Balance at Mar. 31, 2019	Addi- tions	Net change in fair value	Disposi- tions	Balance at Mar. 31, 2020	Dividend / interest / royalty income	Dividend / interest / royalty receivable
Agripharm	Royalty interest	11(a)	$ 10,255	$ 8,000	$ (5,655)	$ -	$ 12,600	$ 2,823	$ 2,033
Agripharm	Warrants	11(a)	461	-	(461)	-	-	-	-
JWC	Royalty interest	11(b)	2,644	-	(2,644)	-	-	487	-
JWC	Warrants	11(b)	824	-	(555)	(269)	-	-	-
Radicle	Royalty interest	11(c)	5,064	-	(1,064)	-	4,000	805	372
Radicle	Convertible debenture	11(c)	-	960	(80)	-	880	29	29
Radicle	Warrants	11(c)	-	40	10	-	50	-	-
Vert Mirabel	Preferred shares	11(d)	16,994	-	3,006	-	20,000	-	-
Civilized[(1)]	Convertible debenture	11(e)	4,250	120	(2,270)	-	2,100	-	-
Civilized	Warrants	11(e)	760	-	(760)	-	-	-	-
Canapar	Call option	11(f)	7,500	-	(6,400)	-	$1,100	-	-
Greenhouse Juice	Secured convertible debenture	11(g)	5,853	-	1,647	-	7,500	774	924
Greenhouse Juice	Unsecured convertible debenture	11(g)	-	3,000	-	-	3,000	-	-
Greenhouse Juice	Warrants	11(g)	-	-	390	-	390	-	-
Herbert	Warrant	11(h)	100	-	(100)	-	-	-	-
High Beauty	Convertible promissory note	11(i)	-	982	(132)	-	850	-	-
High Beauty	Warrants	11(i)	-	495	(405)	-	90	-	-
BioLumic	Convertible promissory note	11(j)	-	2,024	376	-	2,400	-	-
Tweed Tree Lot	Royalty interest	11(k)	-	13,500	1,600	-	15,100	1,365	713
TerrAscend Canada	Term Loan	11(l)	-	12,982	(2,982)	-	10,000	393	374
TerrAscend	Warrants II	11(l)	-	261	(151)	-	110	-	-
Total			**$ 54,705**	**$ 42,364**	**$ (16,630)**	**$ (269)**	**$ 80,170**	**$ 6,676**	**$ 4,445**

(1) Pursuant to the amended Civilized agreement discussed in Note 11(e), it was determined that the convertible debenture interest receivable would not be recovered until maturity or conversion. The Company no longer recognizes interest receivable on the instrument, which was reported at $629 as at March 31, 2019. The impact of this new estimate is included in the net change in fair value captured above.

Included in interest and royalty receivable on the consolidated statement of financial position as at March 31, 2020, is $6,492 relating to the Company's shareholder loan with PharmHouse and $54 relating to the Company's interest receivable from cash deposits held.

(Expressed in CDN $000's except share amounts)

Entity	Instrument	Note	Balance at Mar. 31, 2018	Add-tions	Net change in fair value	Reclass./ derecog-nition	Balance at Mar. 31, 2019	Dividend / interest / royalty income	Dividend / interest / royalty receivable
Agripharm	Royalty interest	11(a)	$ 2,326	$ 9,000	$ (1,071)	$ -	$ 10,255	$ 818	$ 93
Agripharm	Warrants	11(a)	447	-	14	-	461	-	-
JWC	Royalty interest	11(b)	2,662	-	(18)	-	2,644	488	122
JWC	Warrants	11(b)	813	177	(166)	-	824	-	-
Radicle	Royalty interest	11(c)	3,075	2,000	(11)	-	5,064	507	241
TerrAscend	Warrants	11(l)	37,577	-	18,236	(55,813)	-	-	-
Vert Mirabel	Preferred shares	11(d)	5,198	8,897	2,899	-	16,994	-	-
Civilized	Convertible debenture	11(e)	-	3,741	509		4,250	629	629
Civilized	Warrants	11(e)	-	1,259	(499)	-	760	-	-
Canapar	Call option	11(f)	-	-	7,500	-	7,500	-	-
Greenhouse	Convertible debenture/ warrants	11(g)	-	6,000	(147)	-	5,853	150	150
Herbert	Warrant	11(h)		94	6	-	100	-	-
Eureka(i)	Common shares	12(d)	-	-	2,275	(2,275)	-	-	-
YSS(i)	Common shares	12(e)	-	-	6,192	(6,192)	-	-	-
Total			**$ 52,098**	**$ 31,168**	**$ 35,719**	**$ (64,280)**	**$ 54,705**	**$ 2,592**	**$ 1,235**

(i) Gains upon initial recognition of $2,275 and $6,192 related to the Company's investments in Eureka common shares and YSS common shares, respectively, are classified as net changes in fair value of financial assets at FVTPL, irrespective of the election to subsequently measure these investments at FVTOCI.

INVESTMENTS HELD AS AT MARCH 31, 2019

a) Agripharm

Agripharm Corp. ("Agripharm"), which is 40% owned by CGC, is a company licensed to cultivate and process cannabis under the Cannabis Act.

As at March 31, 2020, the Company had advanced $17,000 to Agripharm pursuant to a repayable debenture agreement and $3,000 pursuant to a royalty agreement (March 31, 2019 – $9,000 and $3,000, respectively). Of the $17,000 advanced to Agripharm pursuant to the repayable debenture agreement, $9,000 automatically converted to a royalty interest on December 1, 2018, and the remaining $8,000 automatically converted to a royalty interest on December 1, 2019, in accordance with the terms of the agreements.

Accordingly, after considering the amounts drawn pursuant to the royalty agreement and the amounts drawn pursuant to the repayable debenture agreement that subsequently converted to a royalty interest, as at March 31, 2020, the Company had advanced $20,000 to Agripharm that was subject to the royalty agreement and $nil that was subject to the repayable debenture agreement (March 31, 2019 – $12,000 and $nil, respectively). Under the terms of the royalty agreement, the Company will receive a royalty per gram of applicable Agripharm cannabis production for a term of 20 years, subject to a minimum annual payment of 20% of the principal amount drawn that is subject to the royalty agreement.

The royalty interest is measured at FVTPL based upon estimated future cash flows to be received under the royalty agreement discounted to present value at a market rate of interest. As at March 31, 2020, the fair value of the royalty interest was estimated to be $12,600 (March 31, 2019 – $10,255). Please refer to Note 17 for additional details.

(Expressed in CDN $000's except share amounts)

Royalty and interest income of $2,823 was recognized for the twelve months ended March 31, 2020, related to the Agripharm royalty interest and repayable debenture, which subsequently converted to a further royalty interest (twelve months ended March 31, 2019 – $818). As at March 31, 2020, the Company had $2,033 royalty and interest receivable from Agripharm, which is net of a provision for expected credit losses of $107 (March 31, 2019 – $93 royalty and interest receivable and $nil provision for expected credit losses).

As at March 31, 2020, the Company also owned a warrant to acquire 4% of Agripharm for $5,000. The warrant represents a derivative financial instrument that is initially measured at fair value and subsequently measured at FVTPL. As at March 31, 2020, the fair value of the warrant was estimated to be $nil (March 31, 2019 – $461). The fair value of the warrant was estimated using a Black-Scholes option pricing model by applying the following assumptions:

Agripharm Warrant Valuation	**Initial Recognition**	**March 31, 2019**	**March 31, 2020**
Share price	$32.88	$33.56	$11.34
Exercise price	$53.51	$53.51	$53.51
Risk-free interest rate	1.4%	1.6%	0.5%
Expected life (years)	1.5	0.8	0.3
Dividend yield	0%	0%	0%
Expected annualized volatility	70%	82%	89%

b) JWC

James E. Wagner Cultivation Corporation ("JWC") is a publicly-traded company with a wholly-owned subsidiary that is licensed to cultivate, process, and sell cannabis, cannabis oils, and cannabis extracts, edibles, and topicals under the Cannabis Act. JWC is listed on the TSXV under the trading symbol "JWCA".

As at March 31, 2020, the Company had advanced $2,500 to a wholly-owned subsidiary of JWC pursuant to a royalty agreement (March 31, 2019 – $2,500). Under the terms of the royalty agreement, the Company will receive a royalty per gram of cannabis produced for a term of 20 years, subject to a minimum annual payment of $488. The royalty interest is being measured at FVTPL based upon estimated future cash flows to be received under the royalty agreement discounted to present value at a market rate of interest. After market close on March 31, 2020, but before market open on April 1, 2020, JWC announced that it would seek an initial order approving an application for creditor protection under the Companies' Creditors Arrangement Act (Canada) ("CCAA"), which impacted the Company's estimate of future cash flows to be received under the royalty agreement. As a result, as at March 31, 2020, the fair value of the royalty interest was estimated to be $nil (March 31, 2019 – $2,644). Please refer to Note 17 for additional details.

Royalty income of $487 was recognized for the twelve months ended March 31, 2020 (twelve months ended March 31, 2019 – $488). As at March 31, 2020, the Company had $nil royalty receivable from JWC, which is net of a provision for expected credit losses of $122 (March 31, 2019 – $122 royalty receivable and $nil provision for expected credit losses).

On August 9, 2019, the Company exercised 1,347,826 common share purchase warrants of JWC with a fair value of $269 for an aggregate purchase price of $620.

On February 6, 2020, the Company acquired an additional 2,380,952 common shares of JWC at a price of $0.21 per share, and 1,190,476 common share purchase warrants, for a total investment of $500. Each warrant entitles the Company to purchase one common share in the capital of JWC for $0.28 for a period of 36 months following February 6, 2020. At initial recognition, the fair value of the warrants was nominal; thus, the total cost of $500 was allocated to the JWC common shares.

As at March 31, 2020, the Company owned 16,241,819 common shares of JWC (March 31, 2019 – 12,513,041). The Company has elected to account for its investment in the common shares of JWC at FVTOCI. Please refer to Notes 12(a) and 17 for additional details.

As at March 31, 2020, the Company also owned 2,190,476 common share purchase warrants of JWC (March 31, 2019 – 2,347,826). The warrants represent a derivative financial instrument that is initially measured at fair value and is subsequently measured at FVTPL. As a result of the CCAA proceedings, as at March 31, 2020, the warrants were estimated to have a nominal value (March 31, 2019 – $824). The fair value of the warrants was estimated using the Black-Scholes option pricing model by applying the following assumptions:

(Expressed in CDN $000's except share amounts)

JWC Warrant Valuation	Initial Recognition	March 31, 2019	March 31, 2020
Share price	$0.39	$0.99	$0.06
Exercise price	$0.46	$0.46-1.50	$0.28-1.50
Risk-free interest rate	1.2%	1.6%	0.5%
Expected life (years)	1.0	0.2-0.6	0.1-1.4
Dividend yield	0%	0%	0%
Expected annualized volatility	70%	45-78%	92-109%

Please refer to Note 22 for further information on JWC's CCAA proceedings.

c) Radicle

As at March 31, 2020, the Company had advanced $5,000 to a wholly-owned subsidiary of Radicle pursuant to a royalty agreement (March 31, 2019 – $5,000). Under the terms of the royalty agreement, the Company will receive a royalty per gram of cannabis produced for a term of 20 years, subject to a minimum annual payment of $900. The royalty interest is being measured at FVTPL based upon estimated future cash flows to be received under the royalty agreement discounted to present value at a market rate of interest. As at March 31, 2020, the fair value of the royalty interest was estimated to be $4,000 (March 31, 2019 – $5,064). Please refer to Note 17 for additional details.

Royalty income of $805 was recognized for the twelve months ended March 31, 2020 (twelve months ended March 31, 2019 – $507 royalty and interest income). As at March 31, 2020, the Company had $372 royalty receivable from Radicle, which is net of a provision for expected credit losses of $20 (March 31, 2019 – $241 royalty receivable and $nil provision for expected credit losses).

On January 2, 2020, the Company advanced $1,000 to Radicle pursuant to a convertible debenture agreement and received 266,667 common share purchase warrants. The convertible debenture bears interest at a rate of 12% per annum, calculated and payable semi-annually, and is convertible into 1,666,667 common shares of Radicle. The debenture matures on January 2, 2023. The convertible debenture represents a financial asset that is initially measured at fair value and is subsequently measured at FVTPL, while the attached warrants represent a derivative financial instrument that is also initially measured at fair value and subsequently measured at FVTPL. Accordingly, upon initial recognition, the total cost of the additional investment in Radicle of $1,000 was bifurcated between the convertible debenture and the warrants based on the relative fair value approach. A calibrated FinCAD model was used to determine the initial value of the convertible debenture and a Black-Scholes option pricing model was used to value the warrants. At initial recognition, $960 was allocated to the convertible debenture and $40 was allocated to the warrants.

As at March 31, 2020, the fair value of the convertible debenture was estimated to be $880 (March 31, 2019 – not applicable) and the fair value of the warrants was estimated to be $50 (March 31, 2019 – not applicable).

The fair values of the convertible debenture and warrants were determined using the following assumptions (please refer to Note 17 for additional details):

Radicle Convertible Debenture and Warrant Valuation	Initial Recognition	March 31, 2020
Share price	$0.60	$0.60
Conversion price (debenture)	$0.60	$0.60
Exercise price (warrants)	$0.75	$0.75
Risk-free interest rate	2.0%	0.8%
Volatility	81%	94%
Implied credit spread	18%	26%

d) Vert Mirabel

Les Serres Vert Cannabis ("Vert Mirabel"), which is 40% owned by CGC, is a company licensed to cultivate cannabis under the Cannabis Act.

As at March 31, 2020, the Company had subscribed for 15,000,000 class A preferred shares of Vert Mirabel (March 31, 2019 – 15,000,000) at $1.00 per share, for a total investment of $15,000 (March 31, 2019 – $15,000), with an ascribed cost of $13,893 due to the off-market nature of the prescribed dividends. As at March 31, 2020, the fair value of the preferred shares was estimated to be $20,000 (March 31, 2019 – $16,994). Please refer to Note 17 for additional details.

As at March 31, 2020, the Company also owned 26% of the common shares of Vert Mirabel (March 31, 2019 – 26%). The Company has elected to account for its investment in the common shares of Vert Mirabel at FVTOCI at initial recognition. Please refer to Notes 12(c) and 17 for additional details.

e) Civilized

As described in Note 10(b), as at March 31, 2020, the Company had advanced $5,120 to Civilized pursuant to a convertible debenture agreement (March 31, 2019 – $5,000) and owned common share purchase warrants.

The total cost of the initial investment in Civilized of $5,000 was bifurcated between the convertible debenture and the warrants. A calibrated FinCAD model and Monte Carlo simulation were used to estimate the initial fair value of the convertible debenture and a Black-Scholes option pricing model was used to estimate the initial fair value of the warrants. At initial recognition, $3,741 was allocated to the convertible debenture and $1,259 was allocated to the warrants.

Per the terms of the original convertible debenture agreement, interest is earned at 14% per annum, calculated and compounded quarterly, provided that interest shall not be payable until the one-year anniversary of the closing date of the investment, and the debenture was convertible into 397,227 class A common shares of Civilized. On April 4, 2019, the Company and Civilized effected an amendment to the terms of the convertible debenture agreement. Among other things, interest payments were amended to only become payable on the two-year anniversary of the closing date of the investment and the number of shares to be received upon conversion was increased to 456,812. As described in Note 10(b), on October 28, 2019, the Company advanced an additional $120 to Civilized pursuant to a second amendment to the terms of the convertible debenture agreement. In connection with this amendment, the number of shares to be received upon conversion of the principal amount was increased to 467,580.

The convertible debenture represents a financial asset that is initially measured at fair value and is subsequently measured at FVTPL. The Company estimates the fair value of the convertible debenture based upon estimated future cash flows to be received under the convertible debenture agreement discounted to present value at a market rate of interest. The Company also probability-adjusts the calculated value to account for the additional risk inherent in realizing the future cash flows above the risk reflected in the selected discount rate. As at March 31, 2020, the fair value of the convertible debenture was estimated to be $2,100 (March 31, 2019 – $4,250). Please refer to Note 17 for additional details.

As at March 31, 2020, the Company owned 221,239 common share purchase warrants of Civilized (March 31, 2019 – 221,239). The warrants represent a derivative financial instrument that is initially measured at fair value and is subsequently measured at FVTPL. As at March 31, 2020, the warrants were estimated to have a nominal value (March 31, 2019 – $760).

f) Canapar

As described in Note 10(d), as part of the Company's investment in Canapar, the Company received a call option to purchase 100% of Canapar's interest in its investees. The consideration to be paid upon the exercise of the call option shall be the greater of: (i) eight times EBITDA; and (ii) $200,000, less the liabilities of the acquired investees, multiplied by the percentage interest that the Company does not own in Canapar at the time of exercise. The option is exercisable for as long as the Company is a shareholder of Canapar.

The call option represents a derivative financial instrument that is initially measured at fair value and is subsequently measured at FVTPL. As at March 31, 2020, the fair value of the call option was estimated to be

(Expressed in CDN $000's except share amounts)

$1,100 (March 31, 2019 – $7,500). The fair value of the call option was estimated through a simulation model based on the following assumptions (please refer to Note 17 for additional details):

Canapar Call Option Valuation	March 31, 2019	March 31, 2020
Expected life	5 years	5 years
Equity value per share	$0.90	$0.28
Equity value volatility	70%	70%
EBITDA volatility	30%	30%
CAD/EUR volatility	9%	9%

g) Greenhouse Juice Company

As described in Note 10(e), as at March 31, 2020, the Company had advanced $6,000 to Greenhouse Juice pursuant to the Greenhouse Secured Debenture. As part of the investment, the Company also received preferred share purchase warrants in Greenhouse Juice, which the Company is required to exercise if certain conditions are met, as well as an additional warrant that, if exercised, would increase its ownership interest in Greenhouse Juice to 51% (the control warrant).

Upon initial recognition, the total cost of the investment in Greenhouse Juice of $6,000 was allocated between the Greenhouse Secured Debenture and the warrants. A calibrated FinCAD model was used to determine the initial value of the Greenhouse Secured Debenture, and a Monte Carlo simulation and Black-Scholes option pricing model were used to value the warrants. At initial recognition, the fair value of the warrants was nominal; thus, the total cost of $6,000 was allocated to the Greenhouse Secured Debenture.

The Greenhouse Secured Debenture represents a financial asset that is initially measured at fair value and is subsequently measured at FVTPL. As at March 31, 2020, the fair value of the Greenhouse Secured Debenture was estimated to be $7,500 (March 31, 2019 – $5,853). Please refer to Note 17 for additional details.

Interest income of $774 relating to the Greenhouse Secured Debenture was recognized for the twelve months ended March 31, 2020 (twelve months ended March 31, 2019 – $150). As at March 31, 2020, the Company had $924 interest receivable from Greenhouse Juice (March 31, 2019 – $150).

As at March 31, 2020, the Company owned 1,386,874 preferred share purchase warrants of Greenhouse Juice (March 31, 2019 – 1,386,874) and the control warrant described above. The preferred share purchase warrants and control warrant represent derivative financial instruments that are initially measured at fair value and are subsequently measured at FVTPL. As at March 31, 2020, the fair value of the warrants was estimated to be $390 (March 31, 2019 – $nil). Please refer to Note 17 for additional details.

As described in Note 10(e), on May 1, 2019, the Company advanced $3,000 to Greenhouse Juice pursuant to the Greenhouse Unsecured Debenture. The Greenhouse Unsecured Debenture is non-interest bearing and has a maturity of one year from the date of advancement. Conversion is automatic based upon a fixed price per share using a graduating company valuation upon achieving certain revenue targets.

The Greenhouse Unsecured Debenture represents a financial asset that is initially measured at fair value and is subsequently measured at FVTPL. A discounted cash flow model is used to value the debenture component, and a Monte Carlo simulation model is used to determine the value of the embedded conversion feature based upon Greenhouse Juice reaching certain revenue targets. As at March 31, 2020, the fair value of the Greenhouse Unsecured Debenture was estimated to be $3,000 (March 31, 2019 – $nil). Please refer to Note 17 for additional details.

(Expressed in CDN $000's except share amounts)

The fair values of the convertible debentures and warrants were determined using the following assumptions:

Greenhouse Convertible Debentures and Warrants Valuation	Initial Recognition	March 31, 2019	March 31, 2020
Share price	$1.03	$1.03	$1.51
Conversion price(1)	$1.51	$1.51	$1.51
Risk-free interest rate	1.9%	1.9%	0.7%
Expected annualized volatility	40%	40%	45%
Implied credit spread	25%	25%	33%
Strike price (preferred share warrants)	$2.16	$2.16	$2.16
Strike price (control warrant)	$6.49	$6.49	$6.49

(1) Conversion price of $1.51 per share is applicable to the Greenhouse Secured Debenture. The conversion price for the Greenhouse Unsecured Debenture is variable based on the achievement of certain revenue targets.

h) Herbert

As described in Note 10(f), as at March 31, 2020, the Company owns a warrant that, if exercised, would increase its ownership interest in Herbert to 51%.

The control warrant represents a derivative financial instrument that is initially measured at fair value and is subsequently measured at FVTPL. As at March 31, 2020, the fair value of the control warrant was estimated to be $nil (March 31, 2019 – $100). The fair value of the control warrant was estimated using the Black-Scholes option pricing model by applying the following assumptions (please refer to Note 17 for additional details):

Herbert Warrant Valuation	Initial Recognition	March 31, 2019	March 31, 2020
Share price	$0.37	$0.37	$0.03
Exercise price	$3.97	$3.97	$3.97
Risk-free interest rate	1.9%	1.6%	0.5%
Expected life (years)	2.5	2.4	1.9
Dividend yield	0%	0%	0%
Expected annualized volatility	70%	70%	70%

NEW INVESTMENTS DURING THE TWELVE MONTHS ENDED MARCH 31, 2020

i) High Beauty

As described in Note 10(h), as part of the Company's initial investment in the preferred shares of High Beauty, the Company also received a warrant to purchase preferred shares. Upon initial recognition, the total cost of the initial investment in High Beauty of $3,335 was bifurcated between the preferred shares and the warrant based on the relative fair value approach. The transaction price of $1.10 per preferred share was used to estimate the initial value of the preferred shares and a Black-Scholes option pricing model was used to estimate the initial value of the warrant. At initial recognition, $2,867 was allocated to the preferred shares and $468 was allocated to the warrant.

As described in Note 10(h), on December 3, 2019, the Company advanced an additional $1,009 (U.S. $750) to High Beauty pursuant to a senior secured convertible promissory note and received additional warrants to purchase preferred shares. The convertible promissory note represents a financial asset that is initially measured at fair value and is subsequently measured at FVTPL, while the additional warrants represent a derivative financial instrument that is also initially measured at fair value and subsequently measured at FVTPL. Accordingly, upon initial recognition, the total cost of the additional investment in High Beauty of $1,009 was bifurcated between the convertible promissory note and the warrants based on the relative fair value approach. A calibrated FinCAD model was used to determine the initial value of the convertible promissory note, and a Monte Carlo simulation and Black-Scholes option pricing model were used to value the additional warrants. At initial recognition, $982 was allocated to the convertible promissory note and $27 was allocated to the warrants.

As at March 31, 2020, the fair value of the convertible promissory note was estimated to be $850 (March 31, 2019 – not applicable).

(Expressed in CDN $000's except share amounts)

As at March 31, 2020, the fair value of the warrants, which includes the warrant from the Company's initial investment in High Beauty as well as the additional warrants from the Company's December 3, 2019, investment in High Beauty, was estimated to be $90 (March 31, 2019 – not applicable).

The fair values of the convertible promissory note and warrants were determined using the following assumptions (please refer to Note 17 for additional details):

High Beauty Original Warrant Valuation	**Initial Recognition**	**March 31, 2020**
Share price	$1.10	$0.14
Exercise price	$0.01	$0.01
Risk-free interest rate	1.4%	0.5%
Expected life (years)	2.5	2.0
Dividend yield	0%	0%
Expected annualized volatility	70%	63%

High Beauty Convertible Promissory Note and Additional Warrant Valuation	**Initial Recognition**	**March 31, 2020**
Share price	$1.10	$0.14
Risk-free interest rate	1.6%	0.3%
Volatility	50%	63%
Implied credit spread	20%	31%
Probability of financing achievement	50%	0%

j) BioLumic

BioLumic Ltd. ("BioLumic") is an agricultural technology company based out of New Zealand that has created a sustainable ultraviolet ("UV") light crop yield enhancement technology. BioLumic's UV light technology activates natural mechanisms in seeds and seedlings to deliver long-term crop benefits, such as improved crop consistency, increased yield, drought tolerance, and pest and disease resistance. BioLumic has begun global trials in traditional and high value crops such as lettuce and strawberries and intends to use its UV light treatment technology to develop treatments for medical cannabis and hemp.

On April 26, 2019, the Company invested $2,024 (U.S. $1,500) in a two-year convertible promissory note of BioLumic. The convertible promissory note bears interest at a rate of 6% per annum, is compounded annually, and is convertible into common equity of BioLumic at maturity. In the event of a certain qualified financing achievement before the maturity date, the outstanding principal amount and any accrued interest shall automatically convert in whole into common shares of BioLumic following the qualified financing. The convertible promissory note is convertible into a 9% equity interest on a fully diluted basis.

The convertible promissory note represents a financial asset that is initially measured at fair value and is subsequently measured at FVTPL. A discounted cash flow is used to value the promissory note and a calibrated Monte Carlo simulation model is used to determine the value of the embedded conversion option. As at March 31, 2020, the fair value of the convertible promissory note was estimated to be $2,400 (March 31, 2019 – not applicable). The fair value of the convertible promissory note was estimated using the following assumptions:

(Expressed in CDN $000's except share amounts)

BioLumic Convertible Promissory Note Valuation	Initial Recognition	March 31, 2020
Share price	$4.31	$4.25
Conversion price	$4.31	$4.25
Risk-free interest rate	2.4%	0.3%
Expected annualized volatility	30%	41%
Implied credit spread	24%	31%
Timing of achievement 1	Apr. 19, 2020	Apr. 30, 2021
Probability of achievement 1	50%	60%
Timing of achievement 2	Oct. 19, 2020	Aug. 30, 2021
Probability of achievement 2	90%	90%

k) Tweed Tree Lot

On October 8, 2019, the Company advanced $13,500 to Tweed Tree Lot pursuant to the terms of a repayable debenture agreement. The principal amount of the repayable debenture was immediately set-off against the purchase price of a royalty interest pursuant to the terms of a royalty agreement. Under the terms of the royalty agreement, the Company will receive a royalty per gram of cannabis produced by Tweed Tree Lot for a term of 25 years, subject to a minimum annual payment of $2,853. The advance reduced the Company's commitment to provide Tweed Tree Lot additional financing to $nil.

The royalty interest is a financial asset initially recognized at fair value and subsequently measured at FVTPL based upon estimated future cash flows to be received under the royalty agreement discounted to present value at a market rate of interest. As at March 31, 2020, the fair value of the royalty interest was estimated to be $15,100 (March 31, 2019 – not applicable). Please refer to Note 17 for additional details.

Royalty income of $1,365 was recognized for the twelve months ended March 31, 2020 (twelve months ended March 31, 2019 – not applicable). As at March 31, 2020, the Company had $713 royalty receivable from Tweed Tree Lot (March 31, 2019 – not applicable).

l) TerrAscend Canada

TerrAscend Canada Inc. ("TerrAscend Canada") is a wholly-owned subsidiary of TerrAscend Corp. (described in Note 12(b)). TerrAscend Canada is licensed to cultivate, process, and sell cannabis, cannabis oils, and cannabis edibles, extracts, and topicals under the Cannabis Act.

On October 2, 2019, the Company completed a $13,243 (U.S. $10,000) investment in TerrAscend Canada, structured as a convertible debenture with warrants. Subsequent to the closing of this agreement, the Company amended certain terms of the agreement. Per the amended terms of the agreement, the investment was structured to include three components, including a term loan with TerrAscend Canada and two sets of common share purchase warrants in TerrAscend. The term loan carries a principal amount of $13,243 and bears interest at a rate of 6% per annum, payable on December 31 of each year beginning on December 31, 2020. The loan matures on the earlier of October 2, 2024, and the date that TerrAscend Warrants I (as defined herein) are exercised in full. The first set of common share purchase warrants ("TerrAscend Warrants I") are exercisable into 2,225,714 common shares of TerrAscend at an exercise price of $5.95 per common share and the second set of common share purchase warrants ("TerrAscend Warrants II") are exercisable into 333,723 common shares of TerrAscend at an exercise price of $6.49 per common share. The TerrAscend Warrants I and TerrAscend Warrants II are only exercisable following changes in applicable federal laws in the U.S. relating to cannabis and/or changes in the policies of the stock exchange(s) that are applicable to the Company with respect to cannabis-related activities (the "TerrAscend Triggering Event"). The TerrAscend Warrants I and TerrAscend Warrants II expire on October 2, 2024.

The term loan and TerrAscend Warrants I (herein collectively referred to as the "Term Loan") were entered into in contemplation of each other and determined to be linked transactions, as the exercise price of TerrAscend Warrants I may be applied against the settlement of the term loan. As the transactions are linked, they are treated as a combined instrument for the purpose of classification and measurement under IFRS 9. The Term Loan represents a financial asset that is initially measured at fair value and is subsequently measured at FVTPL. TerrAscend Warrants II represent a derivative financial instrument that is initially measured at fair value and is subsequently measured at FVTPL. Upon initial recognition, the total cost of the investment was allocated between the instruments. A Monte Carlo simulation model and a discounted cash flow model were used to estimate the initial value of the Term Loan, and a Black-Scholes option pricing model was used to estimate the initial value of the TerrAscend Warrants II. At initial recognition, $12,982 was allocated to the Term Loan and $261 was allocated to the TerrAscend Warrants II. As at March 31, 2020, the fair value of the Term Loan was estimated to be $10,000 (March 31, 2019 – not applicable) and the fair value of the TerrAscend Warrants II was estimated to be $110 (March 31, 2019 – not applicable).

(Expressed in CDN $000's except share amounts)

The fair value of the TerrAscend Warrants II was estimated using the Black-Scholes option pricing model by applying the following assumptions (please refer to Note 17 for additional details):

TerrAscend Warrants II Valuation	Initial Recognition	March 31, 2020
Share price	$4.98	$2.49
Risk-free interest rate	1.7%	0.9%
Timing of TerrAscend Triggering Event	Multiple probability curves	Multiple probability curves
Implied credit spread (avg.)	8.5%	14.8%
Dividend yield	0%	0%
Expected annualized volatility	80%	89%

Interest income of $393 relating to the Term Loan was recognized for the twelve months ended March 31, 2020 (twelve months ended March 31, 2019 – not applicable). As at March 31, 2020, the Company had $374 interest receivable from TerrAscend Canada, which is net of a provision for expected credit losses of $20 (March 31, 2019 – not applicable).

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

In accordance with IFRS 9, the Company has elected to measure certain investments in equity instruments at FVTOCI on initial recognition as these investments are long-term and strategic in nature, and net changes in fair value are more suited to be presented in other comprehensive income. Fair value for subsequent measurement is determined in the manner described in Note 17. Please refer below for further details on these investments.

The following tables outline changes in financial assets measured at FVTOCI for the twelve months ended March 31, 2020, and 2019:

Entity	Instrument	Note	Balance at Mar. 31, 2019	Additions	Net change in fair value	Dispositions	Balance at Mar. 31, 2020
JWC	Common shares	12(a)	$ 12,389	$ 1,390	$ (12,803)	$ -	$ 976
TerrAscend	Exchangeable Shares	12(b)	80,000	-	(56,500)	-	23,500
Vert Mirabel	Common shares	12(c)	34,486	-	(14,586)	-	19,900
Eureka	Common shares	12(d)	2,170	-	(2,020)	(150)	-
YSS	Common shares	12(e)	4,244	-	(2,721)	-	1,523
Headset	Preferred shares	12(f)	4,009	194	297	-	4,500
ZeaKal	Preferred shares	12(g)	-	13,487	713	-	14,200
Total			**$ 137,298**	**$ 15,071**	**$ (87,620)**	**$ (150)**	**$ 64,599**

(Expressed in CDN $000's except share amounts)

Entity	Instrument	Note	Balance at Mar. 31, 2018	Additions	Net change in fair value	Reclass./ derecogni-tion	Balance at Mar. 31, 2019
JWC	Common shares	12(a)	$ 10,591	$ 2,123	$ (325)	$ -	$ 12,389
TerrAscend	Common shares	12(b)	56,427	55,813	20,767	(133,007)	-
TerrAscend	Exchangeable Shares	12(b)	-	133,007	(53,007)	-	80,000
Vert Mirabel	Common shares	12(c)	35,817	-	(1,331)	-	34,486
Eureka	Common shares	12(d)	-	2,525	(355)	-	2,170
YSS	Common shares	12(e)	-	9,457	(5,213)	-	4,244
Headset	Preferred shares	12(f)	-	4,085	(76)	-	4,009
Total			**$ 102,835**	**$ 207,010**	**$ (39,540)**	**$ (133,007)**	**$ 137,298**

INVESTMENTS HELD AS AT MARCH 31, 2019

(a) JWC

As described in Note 11(b), as at March 31, 2020, the Company owned 16,241,819 common shares of JWC (March 31, 2019 – 12,513,041), representing a 13% equity interest on a fully diluted basis. As at March 31, 2020, the fair value of the Company's investment in JWC common shares was estimated to be $976 (March 31, 2019 – $12,389). Please refer to Note 17 for additional details.

Please refer to Note 22 for further information on JWC's CCAA proceedings.

(b) TerrAscend

TerrAscend Corp. ("TerrAscend") is a publicly-traded company with a wholly-owned subsidiary that is licensed to cultivate, process, and sell cannabis, cannabis oils, and cannabis edibles, extracts, and topicals under the Cannabis Act. TerrAscend is listed on the Canadian Securities Exchange (the "CSE") under the trading symbol "TER", and on the OTCQX under the trading symbol "TRSSF".

As at March 31, 2020, the Company owned 19,445,285 conditionally exchangeable shares in the capital of TerrAscend (the "Exchangeable Shares") (March 31, 2019 – 19,445,285). The Exchangeable Shares only become convertible into common shares of TerrAscend following the TerrAscend Triggering Event. The Exchangeable Shares are not transferable or monetizable until exchanged into common shares. In the interim, the Company will not be entitled to voting rights, dividends, or other rights upon dissolution of TerrAscend.

As the Exchangeable Shares are not tradeable and hold no economic rights other than the possible opportunity to exchange such shares for common shares in TerrAscend at a future date upon the occurrence of certain events, the fair value of the Exchangeable Shares is estimated by giving consideration to the trading price of the TerrAscend common shares on the CSE on the valuation date and applying a discount for lack of marketability calculated using an Asian Put Option model, across a series of possible exchange dates. The Company has made assumptions as to the probability that the TerrAscend Triggering Event would occur at future dates and estimated the fair value of the Exchangeable Shares as the sum of the probability-weighted discounted values across the range of these dates.

As at March 31, 2020, the fair value of the Company's investment in the Exchangeable Shares was estimated to be $23,500 (March 31, 2019 – $80,000). Please refer to Note 17 for additional details.

(c) Vert Mirabel

As at March 31, 2020, the Company owned 26% of the common shares of Vert Mirabel (March 31, 2019 – 26%). As at March 31, 2020, the fair value of the Company's investment in Vert Mirabel common shares was estimated to be $19,900 (March 31, 2019 – $34,486). Please refer to Note 17 for additional details.

(d) Eureka

Eureka 93 Inc. ("Eureka"), formerly LiveWell Canada Inc. ("LiveWell"), is a publicly-traded company licensed to cultivate cannabis under the Cannabis Act, listed on the CSE under the trading symbol "ERKA".

On April 11, 2019, LiveWell shareholders approved the amalgamation of LiveWell Canada Inc., Vitality CBD Natural Health Products Inc. and Mercal Capital Corp. This amalgamation became effective on April 24, 2019. The shareholders also approved a name change to "Eureka 93 Inc." and a consolidation of Eureka's issued and outstanding common and preferred shares on the basis of one post-consolidation share for each 15 pre-consolidation shares.

After giving effect to the share consolidation and taking into account the sale of 69,600 shares of Eureka for aggregate proceeds of $150 during the twelve months ended March 31, 2020, the Company owned 321,278 common shares of Eureka as at March 31, 2020 (March 31, 2019 – 390,879 (adjusted for the 15:1 share consolidation)), representing a less than 1% equity interest on a fully diluted basis.

On September 24, 2019, Eureka announced that it began a restructuring that involved the resignation of its entire leadership team and all but one of the directors on its board. Subsequently, a new board of directors and co-CEO have been appointed. On February 14, 2020, Eureka filed a Notice of Intention to Make a Proposal ("NOI") under Section 50.4(1) of the Bankruptcy and Insolvency Act, and was approved by the judge on March 12, 2020. As at March 31, 2020, trading of the common shares of Eureka on the CSE was temporarily suspended.

As at March 31, 2020, the fair value of the Company's investment in Eureka common shares was estimated to be $nil (March 31, 2019 – $2,170). Please refer to Note 17 for additional details.

(e) YSS

YSS Corp.™ ("YSS") is a publicly-traded company listed on the TSXV under the trading symbol "YSS" and on the Frankfurt Stock Exchange under the trading symbol "WKN: A2PMAX". With retail operations under the YSS™ and Sweet Tree™ brands, YSS intends to grow a sustainable retail cannabis business in Western Canada and is exploring opportunities to develop a retail presence in Ontario.

On June 17, 2019, YSS effected a consolidation of the company's issued and outstanding common shares on the basis of one post-consolidation common share for each six pre-consolidation common shares.

As at March 31, 2020, the Company owned 10,883,333 common shares of YSS (March 31, 2019 – 10,883,333 (adjusted for the 6:1 share consolidation)), representing a 7% equity interest on a fully diluted basis. As at March 31, 2020 the fair value of the Company's investment in YSS common shares was estimated to be $1,523 (March 31, 2019 – $4,244). Please refer to Note 17 for additional details.

(f) Headset

Headset Inc. ("Headset") is a real-time market intelligence and analytics software platform for the cannabis industry. With services that provide access to up-to-the-minute information on sales trends, emerging segments, popular products, and pricing, Headset's proprietary software platform allows customers to use data to identify new areas of opportunity, understand the competition, and tailor product development.

As at March 31, 2020, the Company owned 1,572,588 preferred shares of Headset (March 31, 2019 – 1,500,000), representing a 7% equity interest on a fully diluted basis. As at March 31, 2020, the fair value of the Company's investment in Headset preferred shares was estimated to be $4,500 (U.S. $3,145) (March 31, 2019 – $4,009 (U.S. $3,000)). Please refer to Note 17 for additional details.

(Expressed in CDN $000's except share amounts)

(g) ZeaKal

ZeaKal, Inc. ("ZeaKal") is a California-based plant science company that has developed a novel plant genetics technology called PhotoSeed™. The PhotoSeed™ technology increases photosynthesis, improves plant yield, and enhances nutritional profiles. While ZeaKal's initial commercial focus has been on major row crops, it intends to apply the PhotoSeed™ technology to hemp.

On June 14, 2019, the Company acquired 248,473 preferred shares of ZeaKal at a price of $54.28 per preferred share (U.S. $40.25) for a total investment of $13,487 (U.S. $10,000), representing a 9% equity interest on a fully diluted basis.

As at March 31, 2020, the fair value of the Company's investment in ZeaKal preferred shares was estimated to be $14,200 (U.S. $10,000) (March 31, 2019 – not applicable). Please refer to Note 17 for additional details.

13. LEASE LIABILITY

On April 1, 2019, the Company adopted IFRS 16, and recognized a lease liability on its consolidated statement of financial position, presented on a discounted basis. Prior to this, lease payments were expensed as incurred.

	As at March 31, 2020
Balance, April 1, 2019	$ -
IFRS 16 transition	690
Lease additions	-
Disposal of lease	-
Lease payments	(160)
Interest expense on lease liabilities	36
Balance, March 31, 2020	**$ 566**
Current portion	147
Long-term portion	**$ 419**

For the twelve months ended March 31, 2020, the Company recognized an amortization expense of $151 (twelve months ended March 31, 2019 – $nil).

An analysis of the Company's lease liability based on the minimum lease payments due on the Company's office space in Toronto on a non-discounted basis is as follows:

	As at March 31, 2020
No later than one year	$ 346
Later than one year and not later than 5 years	896
Later than 5 years	-
	$ 1,242

14. SHARE CAPITAL

(a) Authorized

The Company is authorized to issue an unlimited number of Shares. There are two classes of Shares: Multiple Voting Shares and Subordinated Voting Shares. Each Multiple Voting Share is entitled to receive 20 votes, while each Subordinated Voting Share is entitled to receive one vote at all meetings of the shareholders. There is no priority or distinction between the two classes of Shares in respect of their entitlement to the payment of dividends or participation on liquidation, dissolution, or winding-up of the Company.

Prior to the completion of the Qualifying Transaction described in Note 5, CRC PrivateCo had two classes of common shares: "Class A Shares" and "Class B Shares". Pursuant to the terms of the Qualifying Transaction, Class A shareholders received one Multiple Voting Share for each Class A Share held, and Class B shareholders received one Subordinated Voting Share for each Class B Share held upon completion of the Qualifying Transaction. Accordingly, the terms "Class A Shares" and "Multiple Voting Shares" may be used interchangeably, and the terms "Class B Shares" and "Subordinated Voting Shares" may be used interchangeably.

(b) Issued and outstanding

As at March 31, 2020, there were 36,468,318 Multiple Voting Shares and 152,837,131 Subordinated Voting Shares issued and outstanding.

Initial financing

On May 12, 2017, CGC advanced $20,000 in the form of a convertible debenture to CRC PrivateCo. Other investors advanced $953 of seed capital to purchase 19,066,668 Class B Shares. Of this amount, $503 representing 10,066,668 Class B Shares was paid for through share purchase loans, whereby funds were advanced to CRC PrivateCo by CGC on behalf of certain employees and a consultant of CGC. The Class B Shares acquired by each CGC employee and consultant through these share purchase loans have been placed in trust and vest in three equal tranches over three years if: (i) each person, individually, remains an employee or consultant of CGC; and (ii) the individual loans are repaid. In certain cases, there are also additional performance targets. If the loan is not repaid, the shares will be cancelled by the Company and the proceeds received by CRC PrivateCo from the initial sale of the Class B Shares would be returned to CGC. Accordingly, the 10,066,668 Class B Shares acquired by way of the share purchase loans were initially accounted for as seed capital options and are not considered issued for accounting purposes until the loans are repaid on an individual employee/consultant basis.

During the twelve months ended March 31, 2020, share purchase loans in the amount of $50 relating to the Shares held in trust by CGC on behalf of certain CGC employees were repaid (twelve months ended March 31, 2019 – $311). This resulted in the release from escrow of 999,998 Subordinated Voting Shares. As at March 31, 2020, share purchase loans relating to 7,227,774 of the original seed capital options have been repaid and 33,334 of the original seed capital options were forfeited, resulting in the release from escrow of 7,261,108 Subordinated Voting Shares (March 31, 2019 – 6,227,776).

Please refer to Note 14(c) for additional details on the seed capital options.

Subsequent financings

There were no financings during the twelve months ended March 31, 2020. Details on the Company's historical financing activity prior to March 31, 2019 can be accessed on SEDAR.

(c) Stock options

The Company has a stock option plan (the "Plan") under which non-transferable options to purchase Subordinated Voting Shares of the Company may be granted to directors, officers, employees, or independent contractors of the Company. Pursuant to the Plan, the maximum number of Subordinated Voting Shares issuable from treasury pursuant to outstanding options shall not exceed 10% of the issued and outstanding Shares. The Plan is administered by the Board who establishes exercise prices, at not less than the market price at the date of the grant, and expiry dates. Options under the Plan generally remain exercisable in increments, with one-third being exercisable on each of the first, second, and third anniversaries from the date of grant, and have expiry dates five years from the date of grant. The Board has the discretion to amend general vesting provisions and the term of any option grant, subject to limits contained in the Plan. The seed capital options are not within the scope of the Plan.

In determining the amount of share-based compensation, the Company uses the Black-Scholes option pricing model to establish the fair value of options granted during the period and the fair value of options granted in prior periods that require remeasurement, based on various assumptions and estimates. Expected life is estimated based upon the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the options), and behavioural considerations. The risk-free rate is estimated based upon zero coupon Government of Canada bond yields with a term approximately equal to the expected life of the options. Volatility is estimated based upon the historical share price volatility of comparable companies.

(Expressed in CDN $000's except share amounts)

Seed Capital Options

The seed capital options were measured at fair value on May 12, 2017, using a Black-Scholes option pricing model and are remeasured at the end of each reporting period until the performance is complete. The Company has estimated the number of Shares it expects to vest and is amortizing the expense over the expected vesting period.

The following assumptions were used in determining the fair value of the seed capital options:

Seed Capital Options	Initial Recognition	March 31, 2019	March 31, 2020
Share price	$0.05	$4.45	$1.08
Exercise price	$0.05	$0.05	$0.05
Risk-free interest rate	1.0%	1.6%	0.5%
Weighted average expected life (years)	2.7	0.2 – 1.2	0.2
Dividend yield	0%	0%	0%
Expected annualized volatility	70%	70%	70%
Expected forfeiture rate	0%	0%	0%

During the twelve months ended March 31, 2020, 999,998 seed capital options were exercised (twelve months ended March 31, 2019 – 6,227,776) and 33,334 seed capital options were forfeited (twelve months ended March 31, 2019 – nil).

During the twelve months ended March 31, 2020, the Company recognized $1,599 in share-based compensation expense related to seed capital options (twelve months ended March 31, 2019 –$8,910).

Consultant Options

As at March 31, 2019, the Company had 7,993,668 options to purchase Subordinated Voting Shares granted to employees of CGC and other consultants of the Company outstanding. During the twelve months ended March 31, 2020, the Company granted an additional 60,000 options to purchase Subordinated Voting Shares to consultants of the Company (twelve months ended March 31, 2019 – 3,120,000). Options granted to CGC employees and consultants are considered "consultant options" from the Company's perspective. The options have exercise prices ranging from $0.60 to $3.50 per Subordinated Voting Share and are exercisable in increments, with one third being exercisable on each of the first, second, and third anniversaries from the date of grant. The options were measured at fair value at the date of issuance using a Black-Scholes option pricing model and are remeasured at the end of each reporting period until the performance is complete. The Company has estimated the number of options it expects to vest and is amortizing the expense over the expected vesting period.

The following assumptions were used in determining the fair value of the consultant options:

Consultant Options	Initial Recognition	March 31, 2019	March 31, 2020
Share price	$0.60	$4.45	$1.08
Exercise price	$0.60	$0.60 – $3.50	$0.60 – $3.50
Risk-free interest rate	1.5%	1.6%	0.5%
Weighted average expected life (years)	3.0 – 4.0	0.4 – 3.3	0 – 3.6
Dividend yield	0%	0%	0%
Expected annualized volatility	70%	70%	70%
Expected forfeiture rate	0%	0%	0%

During the twelve months ended March 31, 2020, 494,997 consultant options were exercised at a weighted average exercise price of $0.60 for gross proceeds of $297 (twelve months ended March 31, 2019 – 141,332 consultant options exercised at a weighted average exercise price of $0.60 for gross proceeds of $85). During the twelve months ended March 31, 2020, 166,667 consultant options with a weighted average exercise price of $0.60 were forfeited (twelve months ended March 31, 2019 – nil) and 90,000 consultant options with a weighted average exercise price of $3.50 expired (twelve months ended March 31, 2019 – nil).

(Expressed in CDN $000's except share amounts)

During the twelve months ended March 31, 2020, the Company recognized $3,117 in share-based compensation expense related to consultant options (twelve months ended March 31, 2019 – $13,789).

Employee and Director Options

As at March 31, 2019, the Company had 4,506,000 options to purchase Subordinated Voting Shares granted to employees and directors of the Company outstanding. During the twelve months ended March 31, 2020, the Company granted an additional 2,008,000 options to purchase Subordinated Voting Shares to employees of the Company (twelve months ended March 31, 2019 – 3,606,000). The options have exercise prices ranging from $1.10 to $4.83 per Subordinated Voting Share and are exercisable in increments, with one third being exercisable on each of the first, second, and third anniversaries from the date of grant. The options were measured at fair value at the date of issuance using a Black-Scholes option pricing model. The Company has estimated the number of options it expects to vest and is amortizing the expense over the expected vesting period.

The following assumptions were used in determining the fair value of the employee and director options at their dates of grant (the options are not subsequently remeasured):

Employee and Director Options	Initial Recognition
Share price	$1.10 – $4.83
Exercise price	$1.10 – $4.83
Risk-free interest rate	1.2 – 2.3%
Weighted average expected life (years)	3.0 – 4.0
Dividend yield	0%
Expected annualized volatility	70%
Expected forfeiture rate	0%

During the twelve months ended March 31, 2020, 750,000 employee and director options were exercised at a weighted average exercise price of $1.10 for gross proceeds of $825 (twelve months ended March 31, 2019 – nil).

During the twelve months ended March 31, 2020, the Company recognized $4,027 in share-based compensation expense related to employee and director options (twelve months ended March 31, 2019 – $1,786).

Former AIM2 Options

Following the completion of the Qualifying Transaction on September 17, 2018, the Company's options outstanding included 36,137 options to purchase Subordinated Voting Shares held by former option holders of AIM2. The options have an exercise price of $2.66 per Subordinated Voting Share and were immediately exercisable. The options were measured at fair value as at September 17, 2018, using a Black-Scholes option pricing model for the purpose of determining the fair value of the share-based payment made in connection with the Qualifying Transaction, and the entire fair value was recognized in contributed surplus.

The following assumptions were used in determining the fair value of the options held by former AIM2 option holders at the date of completion of the Qualifying Transaction (these options are not subsequently remeasured):

Former AIM2 Options	Initial Recognition
Share price	$3.50
Exercise price	$2.66
Risk-free interest rate	2.1%
Weighted average expected life (years)	1.9
Dividend yield	0%
Expected annualized volatility	82%
Expected forfeiture rate	0%

(Expressed in CDN $000's except share amounts)

During the twelve months ended March 31, 2020, no former AIM2 options were exercised (twelve months ended March 31, 2019 – 13,550 former AIM2 options were exercised at a weighted average exercise price of $2.66 for gross proceeds of $36). During the twelve months ended March 31, 2020, 22,587 former AIM2 options with a weighted average exercise price of $2.66 expired (twelve months ended March 31, 2019 – nil). Accordingly, no former AIM2 options remain outstanding or exercisable as at March 31, 2020.

Stock Options Summary

The following tables summarize information about options outstanding as at March 31, 2020, and March 31, 2019:

	Options Outstanding				**Options Exercisable**		
March 31, 2020	Weighted Average Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Fair Value per Share	Weighted Average Exercise Price	Number of Options Exercisable	Weighted Average Fair Value per Share
	$	#	# (years)	$	$	#	$
Seed capital	0.05	2,805,560	0.4	1.03	0.05	1,216,671	1.03
Consultant	1.82	7,302,004	3.0	0.36	1.37	3,870,338	0.41
Employee and director	2.94	5,764,000	3.7	1.47	$2.46	1,651,998	$1.17
Former AIM2	n/a	–	–	n/a	n/a	–	n/a

	Options Outstanding				**Options Exercisable**		
March 31, 2019	Weighted Average Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Fair Value per Share	Weighted Average Exercise Price	Number of Options Exercisable	Weighted Average Fair Value per Share
	$	#	# (years)	$	$	#	$
Seed capital	0.05	3,838,892	1.4	4.40	0.05	772,225	4.40
Consultant	1.73	7,993,668	3.9	3.26	0.60	1,530,335	3.87
Employee and director	2.42	4,506,000	4.3	1.22	$1.10	550,000	$0.51
Former AIM2	2.66	22,587	3.9	1.82	2.66	22,587	1.82

(Expressed in CDN $000's except share amounts)

The following table is a summary of the changes in the Company's outstanding options during the period:

	# of Options	Weighted Avg. Exercise Price
Balance – March 31, 2019	16,361,147	$ 1.53
Granted	2,068,000	3.38
Exercised	2,244,995	0.52
Forfeited	200,001	0.60
Expired	112,587	3.33
Balance – March 31, 2020	**15,871,564**	**$ 1.91**

(d) Warrants

PharmHouse Warrants

In connection with the formation of PharmHouse described in Note 10(c), the Company issued 14,400,000 warrants to the PharmHouse JV Partner. The warrants are exercisable for a period of two years following the date that PharmHouse receives a licence to sell cannabis under the Cannabis Act. Upon issuance, the exercise price of the warrants was set to be at the lower of $2.00 per share and the price per subscription receipt issued by CRC PrivateCo in connection with the CRC PrivateCo's financing to be completed concurrently with its initial public listing.

Upon initial recognition of the warrants, the warrants were recorded as a derivative liability as the exercise price of the warrants was contingent upon future events, and the fair value was estimated using a Black-Scholes option pricing model. On September 17, 2018, it was determined that the exercise price of the warrants was fixed at $2.00 per share based upon the completion of the Qualifying Transaction and the concurrent financing by CRC PrivateCo at $3.50 per share. Accordingly, the warrants were remeasured and reclassified to contributed surplus. The fair value of the derivative liability was estimated to be $29,232 upon initial recognition and $28,512 as at the time of reclassification to contributed surplus using a Black-Scholes option pricing model by applying the following assumptions:

PharmHouse Warrants	Initial Recognition	September 17, 2018
Share price	$3.50	$3.50
Exercise price	$2.00	$2.00
Risk-free interest rate	1.9%	2.1%
Weighted average expected life (years)	1.9	1.8
Dividend yield	0%	0%
Expected annualized volatility	76%	74%

During the twelve months ended March 31, 2020, no PharmHouse warrants were exercised (twelve months ended March 31, 2019 – nil).

Former AIM2 Warrants

Following completion of the Qualifying Transaction on September 17, 2018, the Company's warrants outstanding included 18,821 warrants to purchase Subordinated Voting Shares held by former warrant holders of AIM2. The warrants have an exercise price of $2.66 per Subordinated Voting Share and were immediately exercisable. The warrants were measured at fair value as at September 17, 2018, using a Black-Scholes option pricing model for the purpose of determining the fair value of the share-based payment made in connection with the Qualifying Transaction, and the entire fair value was recognized in contributed surplus.

The following assumptions were used in determining the fair value of the warrants held by former AIM2 warrant holders at the date of completion of the Qualifying Transaction:

(Expressed in CDN $000's except share amounts)

Former AIM2 Warrants	**Initial Recognition**
Share price	$3.50
Exercise price	$2.66
Risk-free interest rate	2.1%
Weighted average expected life (years)	0.4
Dividend yield	0%
Expected annualized volatility	84%

During the twelve months ended March 31, 2020, no former AIM2 warrants were exercised (twelve months ended March 31, 2019 – 9,371 former AIM2 warrants were exercised at a weighted average exercise price of $2.66 for gross proceeds of $25). During the twelve months ended March 31, 2020, 9,450 former AIM2 warrants with a weighted average exercise price of $2.66 expired (twelve months ended March 31, 2019 – nil). Accordingly, no former AIM2 warrants remain outstanding or exercisable as at March 31, 2020.

Warrants Summary

The following tables summarize information about warrants outstanding as at March 31, 2020, and March 31, 2019:

	Warrants Outstanding				**Warrants Exercisable**		
March 31, 2020	Weighted Average Exercise Price	Number of Warrants Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Fair Value per Share	Weighted Average Exercise Price	Number of Warrants Exercisable	Weighted Average Fair Value per Share
	$	#	# (years)	$	$	#	$
PharmHouse	2.00	14,400,000	2.3	1.98	n/a	-	n/a
Former AIM2	n/a	–	–	n/a	n/a	–	n/a

	Warrants Outstanding				**Warrants Exercisable**		
March 31, 2019	Weighted Average Exercise Price	Number of Warrants Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Fair Value per Share	Weighted Average Exercise Price	Number of Warrants Exercisable	Weighted Average Fair Value per Share
	$	#	# (years)	$	$	#	$
PharmHouse	2.00	14,400,000	2.3	1.98	n/a	-	n/a
Former AIM2	2.66	9,450	0.9	1.17	2.66	9,450	1.17

The following table is a summary of the changes in the Company's outstanding warrants during the period:

	# of Warrants	**Weighted Avg. Exercise Price**
Balance – March 31, 2019	14,409,450	$ 2.00
Granted	-	-
Exercised	-	-
Expired	9,450	2.66
Balance – March 31, 2020	**14,400,000**	**$ 2.00**

(e) Restricted Share Units

On March 18, 2020, the Company effected a restricted share unit plan (the "RSU Plan") for non-employee directors whereby the Company may grant restricted share units ("RSUs") for the purposes of promoting greater alignment of long-term interests between non-employee directors and the Company's shareholders, and to provide a compensation system that, together with the other director compensation mechanisms, is reflective of the responsibility, commitment, and risk accompanying membership on the Board and the performance of the duties required of the various committees of the Board. Pursuant to the RSU Plan, holders of the RSUs will be entitled to receive Subordinated Voting Shares at specified future dates and the maximum number of Subordinated Voting Shares issuable from treasury pursuant to outstanding RSUs shall not exceed 1% of the issued and outstanding Shares. RSUs issued under the RSU Plan generally become redeemable in increments, with one-third being redeemable for Subordinated Voting Shares on each of the first, second, and third anniversaries from the date of grant. RSUs may also be granted on a discretionary basis.

(Expressed in CDN $000's except share amounts)

During the twelve months ended March 31, 2020, the Company granted 356,308 discretionary RSUs to non-employee directors (twelve months ended March 31, 2019 – nil). The RSUs vested immediately and one-third are redeemable for Subordinated Voting Shares on each of the first, second, and third anniversaries from the date of grant. The number of RSUs granted to the non-employee directors was based upon the estimated fair value of services provided to the Company of $290 and a volume-weighted average price determined at the date of grant of $0.81 per share.

During the twelve months ended March 31, 2020, the Company recognized $290 in share-based compensation expense related to the RSUs (twelve months ended March 31, 2019 – $nil).

RSUs Summary

The following table is a summary of the changes in the Company's outstanding RSUs during the period:

	# of RSUs	Weighted Avg. Grant Price
Balance – March 31, 2019	-	$ -
Granted	356,308	0.81
Exercised	-	-
Expired	-	-
Balance – March 31, 2020	**356,308**	**$ 0.81**

15. RELATED PARTY TRANSACTIONS

(a) Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing, and controlling activities of the entity, directly or indirectly. The key management personnel of the Company are the members of the Company's executive management team and Board, who control approximately 3.4% of the Shares of the Company on a fully diluted basis as at March 31, 2020. Compensation provided to key management personnel is as follows:

	Twelve months ended March 31, 2020	Twelve months ended March 31, 2019
Share-based compensation	$ 3,503	$ 6,245
Salaries	1,307	1,378
Director fees	230	92

During the twelve months ended March 31, 2020, the Company recognized $147 in termination benefit expense relating to an individual that was formerly a member of the Company's key management personnel (twelve months ended March 31, 2019 – nil).

(b) Transactions with CGC

As at March 31, 2020, the Company has a $140 liability to CGC included in accounts payable and accrued liabilities arising from the share purchase loans provided by CGC relating to the seed capital options discussed in Note 14(c) (March 31, 2019 – $192). In the event the loans are repaid by the employees/consultant, the related Shares will be issued, and the liability will be settled.

(Expressed in CDN $000's except share amounts)

As at March 31, 2020, the Company has a $nil liability to CGC included in accounts payable and accrued liabilities relating to reimbursement for Eureka's license application costs borne by CGC (March 31, 2019 – $250).

The Company has other intercompany amounts with CGC, which are nominal on a net basis.

(c) Transactions with other related parties

Transactions and balances with the Company's associates and joint venture are described and discussed in Notes 9 and 10. Transactions and balances with associated entities of CGC are described and discussed in Notes 8, 11, and 12.

The PharmHouse demand promissory note described in Note 9 was entered into at a below-market rate of interest in the capacity of the Company and the PharmHouse JV Partner being shareholders of PharmHouse. Since the instrument has a demand feature, the fair value of the demand promissory note at initial recognition, as well as subsequent changes to the fair value of the demand promissory note upon additional advances post-initial recognition, were equal to the principal amounts advanced by the Company. Therefore, the Company did not recognize a gain or loss.

All other transactions are in the normal course of operations and were entered into at market terms.

16. INCOME TAXES

The major components of the income tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of the Company at 26.5% are presented below:

	Twelve months ended March 31, 2020	Twelve months ended March 31, 2019
Income (loss) before taxes	**$ (40,617)**	**$ 8,343**
Income tax expense (recovery) calculated at 26.5%	(10,764)	2,211
Effect of expenses that are not deductible in determining taxable income	3,112	6,503
Effect of capital gains tax rate applied to temporary differences related to certain financial assets	3,150	(4,358)
Change in previously unrecognized deferred tax assets	4,257	-
Other	194	69
Income tax expense (recovery)	**$ (51)**	**$ 4,425**

(Expressed in CDN $000's except share amounts)

Expenses that are not deductible in determining taxable income primarily relate to share-based compensation expense and non-deductible acquisition costs.

The breakdown of current and deferred income tax expense (recovery) is presented below:

	Twelve months ended March 31, 2020	Twelve months ended March 31, 2019
Current income tax expense (recovery)		
Current period	$ 223	$1,187
Adjustment in respect of prior periods	(1,030)	-
Current income tax expense (recovery)	$ (807)	$1,187
Deferred income tax expense (recovery)		
Origination and reversal of temporary differences	$ (450)	$3,169
Adjustment in respect of prior periods	1,206	69
Deferred income tax expense (recovery)	$ 756	$3,238
Income tax expense (recovery)	**$ (51)**	**$ 4,425**

Deferred income taxes reflect the impact of loss carry forwards and of temporary differences between amounts of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws.

Below is a summary of the movement in deferred tax assets (liabilities) for the twelve months ended March 31, 2020, and 2019:

	April 1, 2019	Recognized in profit or loss	Recognized in other comprehe-sive income	Recognized directly in equity	Other	March 31, 2020
Net operating losses	$ 311	$ (311)	$ -	$ -	$ -	$ -
Share issuance costs	2,678	(441)	-	(2,237)	-	-
Finance lease receivable	(16)	16	-	-	-	-
Equity method investees	268	(268)	-	-	-	-
Investments accounted for at FVTPL	(1,425)	288	-	-	1,137	-
Investments accounted for at FVTOCI	(8,822)	-	9,959	-	(1,137)	-
Other	40	(40)	-	-	-	-
Deferred tax asset (liability)	**$ (6,966)**	**$ (756)**	**$ 9,959**	**$ (2,237)**	**$ -**	**$ -**

(Expressed in CDN $000's except share amounts)

	April 1, 2018	Recognized in profit or loss	Recognized in other comprehe-sive income	Recognized directly in equity	Other	March 31, 2019
Net operating losses	$ 219	$ 92	$ -	$ -	$ -	$ 311
Share issuance costs	706	(566)	-	2,538	-	2,678
Finance lease receivable	-	(16)	-	-	-	(16)
Equity method investees	33	235	-	-	-	268
Investments accounted for at FVTPL	(4,448)	(3,874)	-	-	6,897	(1,425)
Investments accounted for at FVTOCI	(8,010)	851	5,234	-	(6,897)	(8,822)
Other	-	40	-	-	-	40
Income tax expense (recovery)	**$ (11,500)**	**$ (3,238)**	**$ 5,234**	**$ 2,538**	**$ -**	**$ (6,966)**

For the twelve months ended March 31, 2020, the Company recognized $2,237 of income tax expense directly in equity related to share issuance costs due to the reversal of a previously recognized deferred tax asset (twelve months ended March 31, 2019 – $2,538 income tax recovery).

The unrecognized temporary differences of the Company are comprised of the following:

	Twelve months ended March 31, 2020
Net operating losses carried forward	$ 3,897
Capital losses carried forward	329
Share issuance costs	7,787
Equity method investees	16,139
Financial assets at FVTPL	3,383
Financial assets at FVTOCI	2,221
Other	6
Total	**$ 33,762**

There were no unrecognized temporary differences at March 31, 2019.

The Company has the following net operating losses available to reduce future years' taxable income which expire as follows:

Year of expiry	Net operating losses
2038	$ 69
2039	1,561
2040	2,267
Total	**$ 3,897**

17. FINANCIAL INSTRUMENTS

(a) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by reviewing on an ongoing basis its capital requirements and maintaining sufficient cash balances for settlement of financial liabilities on their due dates.

The Company's financial liabilities are comprised of accounts payable and accrued liabilities. As at March 31, 2020, the contractual maturities for the Company's accounts payable are generally within six months.

Please refer to Note 19 for additional information on commitments.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's interest and royalty receivables, other receivables, finance lease receivable, and loan receivable. The Company is exposed to credit-related losses in the event of default by the counterparties. The Company provides financing and upfront capital to investees in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk.

Credit rating category	Description	Basis for recognizing ECLs
(1)	Financial assets that have experienced no significant increase in credit risk between initial recognition and the reporting date	12-month ECLs
(2)	Financial assets that have experienced a significant increase in credit risk between initial recognition and the reporting date	Lifetime ECLs
(3)	There is evidence indicating that the counterparty is in severe financial difficulty and the Company has no realistic prospect of recovery	Amount is written off

(Expressed in CDN $000's except share amounts)

The table below details the credit quality of the Company's financial assets (other than those measured at FVTPL and FVTOCI) and the corresponding provision for expected credit losses. Financial assets were assessed individually, but have been grouped together below for presentation purposes:

Instrument	Internal credit rating	Basis for recognizing ECLs	Gross carrying amount	Loss allowance	Net carrying amount
Interest and royalty receivable	(1)	12-month ECLs	$ 8,074	$ 40	$ 8,034
	(2)	Lifetime ECLs	2,140	107	2,033
	(3)	Write-off	122	122	-
Other receivables	(1)	12-month ECLs	412	-	412
Finance lease receivable	(1)	Lifetime ECLs (simplified approach)	2,772	-	2,772
Loan receivable	(1)	12-month ECL	40,000	-	40,000
				$ 269	

ECLs on financial assets are measured as the probability-weighted present value of all expected cash shortfalls over the remaining expected life of the financial instrument, giving consideration to mitigating effects of collateral and security, reasonable and supportable information about past events, current economic conditions, and forecasts of future events. The estimation and application of forward-looking information requires significant judgment. The measurement of ECLs is primarily based on the product of the financial instrument's probability of default, loss given default, and exposure at default.

The Company estimates the loss allowance on its finance lease receivable at the end of the reporting period at an amount equal to the lifetime ECLs. Considering the historical default experience and the future prospects of the industry in which the lessee operates, together with the value of collateral held over the finance lease receivable, the Company considers that its finance lease receivable is not impaired.

The change in the Company's loss allowance for the twelve months ended March 31, 2020, is primarily attributable to an increase in volume of financial instruments that are subject to ECL testing, an increase in credit risk for two interest and royalty receivable balances, and changes in financial forecasts for underlying counterparties. There has been no change in the estimation techniques made during the current reporting period in assessing the loss allowance for interest and royalty receivable, other receivables, finance lease receivable, or loan receivable.

The Company is a guarantor for the syndicated PharmHouse Credit Facility discussed in Note 10(c) in the event of non-compliance with covenants or default. A deterioration in PharmHouse's credit will expose the Company to risk of losses due to its guarantee. As at March 31, 2020, pursuant to the terms of the PharmHouse Credit Facility, PharmHouse may draw up to $80,000.

(c) Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. As at March 31, 2020, the Company's exposure to interest rate risk arises from its investments in convertible debentures, Loan Receivable, and Term Loan, which all have fixed interest rates. The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. The Company currently has no long-term borrowings and is not party to any arrangement involving variable interest rates.

(Expressed in CDN $000's except share amounts)

The Company may invest surplus cash in highly liquid investments with short terms to maturity that would accumulate interest at prevailing rates for such investments.

(d) Fair values

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the observability of significant 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 one or more significant inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The carrying amount of cash and cash equivalents, interest and royalty receivable, other receivables, and accounts payable and accrued liabilities approximate their respective fair values due to their short-term nature.

The following table provides information about how the fair values as at March 31, 2020, of the Company's other financial instruments are determined:

	Fair value as at March 31, 2020	Fair value as at March 31, 2019	Fair value hierarchy and technique	Key inputs
Financial assets – fair value through profit or loss				
Agripharm Royalty Interest	$12,600	$10,255	**(Level 3):** Income approach – discounted cash flow: based upon the net cash flows expected to be generated from the asset, discounted to present value at a commensurate rate of return	*Key observable inputs:* • Per gram royalty / minimum payment *Key unobservable inputs:* • Cannabis production • Discount rate (35% at March 31, 2020; 22% at March 31, 2019)
Agripharm Warrant	$nil	$461	**(Level 3):** Black-Scholes option pricing model	*Key observable inputs:* • Exercise price • Risk-free interest rate • Dividend yield *Key unobservable inputs:* • Share price • Expected life • Expected annualized volatility
JWC Royalty Interest	$nil	$2,644	**(Level 3):** Probability-adjusted income approach – discounted cash flow: based upon the net cash flows expected to be generated from the asset, discounted to present value at a commensurate rate of return	*Key unobservable inputs:* • As at March 31, 2020, the Company has estimated that no future cash flows will be generated from the JWC royalty interest
JWC Warrants	$nil	$824	**(Level 3):** Probability-adjusted Black-Scholes option pricing model	*Key unobservable inputs:* • As at March 31, 2020, the Company has estimated that there is $nil value associated with the JWC warrants

(Expressed in CDN $000's except share amounts)

	Fair value as at March 31, 2020	Fair value as at March 31, 2019	Fair value hierarchy and technique	Key inputs
Radicle Royalty Interest	$4,000	$5,064	**(Level 3):** Income approach – discounted cash flow: based upon the net cash flows expected to be generated from the asset, discounted to present value at a commensurate rate of return	*Key observable inputs:* • Per gram royalty / minimum payment *Key unobservable inputs:* • Cannabis production • Discount rate (25% at March 31, 2020; 19% at March 31, 2019)
Radicle Convertible Debenture	$880	-	**(Level 3):** FinCAD model (with a Black-Scholes option pricing model)	*Key observable inputs:* • Principal advanced • Conversion price • Risk-free interest rate *Key unobservable inputs:* • Share price • Implied credit spread (26% at March 31, 2020; not applicable at March 31, 2019) • Expected annualized volatility (94% at March 31, 2020; not applicable at March 31, 2019)
Radicle Warrants	$50	-	**(Level 3):** Black-Scholes option pricing model	*Key observable inputs:* • Exercise price • Risk-free interest rate • Dividend yield *Key unobservable inputs:* • Share price • Expected life • Expected annualized volatility
Vert Mirabel Preferred Shares	$20,000	$16,994	**(Level 3):** Income approach – discounted cash flow: based upon the net cash flows expected to be generated from the asset, discounted to present value at a commensurate rate of return	*Key observable inputs:* • Dividend yield (18% (decreasing to 10%) at March 31, 2020; 18% (decreasing to 10%) at March 31, 2019) *Key unobservable inputs:* • Timing of greenhouse purchase • Timing of redemption • Discount rate (14.3% at March 31, 2020; 22.5% at March 31, 2019)
Civilized Convertible Debenture	$2,100	$4,250	**(Level 3):** Probability-adjusted income approach – discounted cash flow: based upon the net cash flows expected to be generated from the asset, discounted to present value at a commensurate rate of return	*Key observable inputs:* • Principal advanced • Interest rate (14% at March 31, 2020; 14% at March 31, 2019) *Key unobservable inputs:* • Discount rate (50% at March 31, 2020; not applicable at March 31, 2019) • Probability adjustment (67% at March 31, 2020; not applicable at March 31, 2019)
Civilized Warrants	$nil	$760	**(Level 3):** Probability-adjusted Black-Scholes option pricing model	*Key unobservable inputs:* • As at March 31, 2020, the Company has estimated that there is $nil value associated with the Civilized warrants
Canapar Call Option	$1,100	$7,500	**(Level 3):** Simulation model using Geometric Brownian Motion	*Key observable inputs:* • Canadian dollar / Euro foreign exchange ("FX") rate • Risk-free interest rate *Key unobservable inputs:* • Company equity value

(Expressed in CDN $000's except share amounts)

	Fair value as at March 31, 2020	Fair value as at March 31, 2019	Fair value hierarchy and technique	Key inputs
				• Expected life • Expected volatility of company equity value • Projected EBITDA • Expected annualized volatility of EBITDA • Expected annualized volatility of FX rate
Greenhouse Juice Secured Convertible Debenture	$7,500	$5,853	**(Level 3):** FinCAD model (with a Black-Scholes option pricing model)	*Key observable inputs:* • Principal advanced • Conversion price • Risk-free interest rate *Key unobservable inputs:* • Share price • Implied credit spread (33% at March 31, 2020; 25% at March 31, 2019) • Expected annualized volatility (45% at March 31, 2020; 40% at March 31, 2019)
Greenhouse Juice Unsecured Convertible Debenture	$3,000	-	**(Level 3):** Income approach – discounted cash flow (with a Monte Carlo simulation)	*Key observable inputs:* • Principal advanced • Risk-free interest rate *Key unobservable inputs:* • Conversion price • Share price • Implied credit spread (7% at March 31, 2020; not applicable at March 31, 2019) • Expected annualized volatility (45% at March 31, 2020; not applicable at March 31, 2019)
Greenhouse Juice Warrants	$390	-	**(Level 3):** Monte Carlo simulation model (using Geometric Brownian Motion) and Black-Scholes option pricing model	*Key observable inputs:* • Exercise price • Risk-free interest rate • Dividend yield *Key unobservable inputs:* • Share price • Expected life • Expected annualized volatility
Herbert Warrant	$nil	$100	**(Level 3):** Black-Scholes option pricing model	*Key observable inputs:* • Exercise price • Risk-free interest rate • Dividend yield *Key unobservable inputs:* • Share price • Expected life • Expected annualized volatility
High Beauty Warrants	$90	-	**(Level 3):** Black-Scholes option pricing model	*Key observable inputs:* • Exercise price (certain warrants) • Risk-free interest rate • Dividend yield *Key unobservable inputs:* • Exercise price (certain warrants) • Share price • Expected life • Expected annualized volatility

(Expressed in CDN $000's except share amounts)

	Fair value as at March 31, 2020	Fair value as at March 31, 2019	Fair value hierarchy and technique	Key inputs
High Beauty Convertible Promissory Note	$850	-	**(Level 3):** FinCAD model (with a Monte Carlo simulation model using Geometric Brownian Motion)	*Key observable inputs:* • Principal advanced • Risk-free interest rate *Key unobservable inputs:* • Conversion price • Share price • Implied credit spread (31% at March 31, 2020; not applicable at March 31, 2019) • Expected annualized volatility (63% at March 31, 2020; not applicable at March 31, 2019) • Timing and probability of qualified financing
BioLumic Convertible Promissory Note	$2,400	-	**(Level 3):** Income approach – discounted cash flow (with a Monte Carlo simulation model using Geometric Brownian Motion)	*Key observable inputs:* • Principal advanced • Conversion price • Risk-free interest rate *Key unobservable inputs:* • Share price • Implied credit spread (31% at March 31, 2020; not applicable at March 31, 2019) • Expected annualized volatility (41% at March 31, 2020; not applicable at March 31, 2019) • Timing and probability of qualified financing
Tweed Tree Lot Royalty Interest	$15,100	-	**(Level 3):** Income approach – discounted cash flow: based upon the net cash flows expected to be generated from the asset, discounted to present value at a commensurate rate of return	*Key observable inputs:* • Per gram royalty / minimum payment *Key unobservable inputs:* • Cannabis production • Discount rate (20% at March 31, 2020; not applicable at March 31, 2019)
TerrAscend Canada Term Loan	$10,000	-	**(Level 3):** Income approach – discounted cash flow for the loan; Monte Carlo simulation model (using Geometric Brownian Motion) and Black-Scholes option pricing model for the attached warrants	*Key observable inputs:* • Principal advanced • Exercise price • Share price • Risk-free interest rate • Dividend yield *Key unobservable inputs:* • Implied credit spread (15% at March 31, 2020; not applicable at March 31, 2019) • Expected life • Expected annualized volatility • Expected timing of TerrAscend Triggering Event
TerrAscend Warrants II	$110	-	**(Level 3):** Black-Scholes option pricing model	*Key observable inputs:* • Exercise price • Share price • Risk-free interest rate • Dividend yield *Key unobservable inputs:* • Expected life • Expected annualized volatility

(Expressed in CDN $000's except share amounts)

	Fair value as at March 31, 2020	Fair value as at March 31, 2019	Fair value hierarchy and technique	Key inputs
				• Expected timing of TerrAscend Triggering Event
Total	**$80,170**	**$54,705**		
Financial assets – fair value through other comprehensive income				
JWC Common Shares	$976	$12,389	**(Level 2):** Quoted share price, adjusted to reflect the impact of material information released after market close	*Key observable inputs:* • Opening share price on the day after material announcement
TerrAscend Exchangeable Shares	$23,500	$80,000	**(Level 3):** Market approach – based on trading price of TerrAscend common shares on CSE as at the valuation date, adjusted for a discount for lack of marketability calculated using an Asian Put Option model across a series of exchange dates	*Key observable inputs:* • Exercise price • Share price • Risk-free interest rate • Dividend yield *Key unobservable inputs:* • Expected annualized volatility • Expected timing of TerrAscend Triggering Event
Vert Mirabel Common Shares	$19,900	$34,486	**(Level 3):** Income approach – discounted cash flow: based upon the net cash flows expected to be generated from the asset, discounted to present value at a commensurate rate of return	*Key unobservable inputs:* • Cannabis production • Selling price per gram (long-term) • Production cost per gram • Discount rate (16.8% at March 31, 2020; 27.5% at March 31, 2019) • Discount for lack of marketability (20% at March 31, 2020; 20% at March 31, 2019)
Eureka Common Shares	$nil	$2,170	**(Level 2):** Adjusted quoted share price	*Key unobservable inputs:* • As at March 31, 2020, the Company has estimated that there is $nil value associated with the Eureka common shares
YSS Common Shares	$1,523	$4,244	**(Level 1):** Quoted share price	N/A
Headset Preferred Shares	$4,500	$4,009	**(Level 3):** Market approach – most recent financing: based upon per share valuation in Headset's most recent financing completed in December 2018, adjusted for FX gains/losses	*Key observable inputs:* • Financing price • FX rate
ZeaKal Preferred Shares	$14,200	-	**(Level 3):** Market approach – most recent financing: based upon per share valuation in ZeaKal's most recent financing completed in August 2019, adjusted for FX gains/losses	*Key observable inputs:* • Financing price • FX rate
Total	**$64,599**	**$137,298**		

(Expressed in CDN $000's except share amounts)

	Fair value as at March 31, 2020	Fair value as at March 31, 2019	Fair value hierarchy and technique	Key inputs
Equity method investees – fair value less costs of disposal				
Canapar Common Shares	$8,500	$18,062	**(Level 3):** Cost approach – adjusted book value based upon estimated recoverability values of assets and liabilities as at March 31, 2020	*Key observable inputs:* • Balance sheet as at March 31, 2020 *Key unobservable inputs:* • Recoverability percentages applied to each class of Canapar's assets
Herbert Preferred Shares	$100	$1,406	**(Level 3):** Cost approach – adjusted book value based upon estimated recoverability values of assets and liabilities as at March 31, 2020	*Key observable inputs:* • Balance sheet as at March 31, 2020 *Key unobservable inputs:* • Recoverability percentages applied to each class of Herbert's assets
High Beauty Preferred Shares	$500	-	**(Level 3):** Market approach – based upon estimated annualized revenue using recent quarterly results and revenue multiples implied by select mergers and acquisitions involving beauty companies and trading prices of select publicly-traded beauty companies	*Key observable inputs:* • Revenue for three months ended December 31, 2019 • Net debt as at December 31, 2019 *Key unobservable inputs:* • Revenue multiple (2.5x-3.5x at March 31, 2020; not applicable at March 31, 2019)
Total	**$9,100**	**$19,468**		
Financial assets – amortized cost				
PharmHouse Loan Receivable	Fair value: $39,900 Carrying value: $40,000	Fair value: $39,921 Carrying value: $40,000	**(Level 3):** Income approach – discounted cash flow: based upon the net cash flows expected to be generated from the asset, discounted to present value at a commensurate rate of return	*Key observable inputs:* • Principal advanced • Interest rate (12% at March 31, 2020; 12% at March 31, 2019) *Key unobservable inputs:* • Discount rate (12% at March 31, 2020; 12% at March 31, 2019)
PharmHouse Demand Promissory Note	Fair value: $2,450 Carrying value: $2,450	Fair value: $nil Carrying value: $nil	**(Level 3):** Income approach – discounted cash flow: based upon the net cash flows expected to be generated from the asset, discounted to present value at a commensurate rate of return	*Key observable inputs:* • Demand feature results in the fair value and carrying value equaling the principal amount advanced by the Company
Total	**Fair value: $42,350** **Carrying value: $42,450**	**Fair value: $39,921** **Carrying value: $40,000**		

As at March 31, 2020, the total fair values by fair value hierarchy level are as follows:

Financial assets

- Level 1: $1,523 (March 31, 2019 – $16,633)
- Level 2: $976 (March 31, 2019 – $2,170)
- Level 3: $193,720 (March 31, 2019 – $232,589)

During the twelve months ended March 31, 2020, the Company's investment in the JWC common shares has been reclassified to Level 2 given the announcement of JWC's CCAA proceedings on April 1, 2020. The Company concluded that the quoted share price at market close on March 31, 2020, does not represent fair value and has used the quoted share price at market open on April 1, 2020, to incorporate the impact of the material information released after market close on March 31, 2020. No other transfers occurred during the twelve months ended March 31, 2020.

The following valuation techniques and the corresponding significant unobservable inputs are used by the Company for instruments categorized in Level 3 of the fair value hierarchy:

- Income approach (Level 3) – Discounted cash flows are used to capture the present value of the expected future economic benefits to be derived from certain investments in the Company's portfolio. Significant unobservable inputs and the relationship to fair value can include the following:
  - Cannabis production, considering management's experience and knowledge of the investees' growing facilities. An increase in this input would result in an increase in fair value.
  - Selling price per gram, considering management's experience and knowledge of market conditions of the cannabis industry. An increase in this input would result in an increase in fair value.
  - Production cost per gram, considering management's experience and knowledge of market conditions of the cannabis industry, and the types of facilities in which the investees operate. An increase in this input would result in a decrease in fair value.
  - Discount rate determined based upon expected rates of return for similar-stage ventures commensurate with the risk inherent in achieving the expected cash flows. An increase in this input would result in a decrease in fair value.
  - Discount for lack of marketability, determined by reference to precedent transactions where control is acquired, and in consideration of the various relative rights held by the Company with respect to its individual investments. An increase in this input would result in a decrease in fair value.

- Black-Scholes option pricing model and Asian Put Option model (Level 3) – Significant unobservable inputs and the relationship to fair value can include the following:
  - Share price: An increase in this input would result in an increase in fair value.
  - Expected life (years): An increase in this input would result in an increase in fair value.
  - Dividend yield: An increase in this input would result in a decrease in fair value.
  - Expected annualized volatility: An increase in this input would result in an increase in fair value.
  - Expected timing of the TerrAscend Triggering Event: A longer probability curve would result in a decrease in fair value (specific to the financial instruments invested in TerrAscend).

- Simulation model using Geometric Brownian Motion (Level 3) – Simulation of correlated paths between the following inputs:
  - Company equity value: An increase in this input would result in an increase in fair value.
  - Expected life (years): An increase in this input would result in an increase in fair value.
  - Volatility of company equity value: An increase in this input would result in an increase in fair value.
  - Projected EBITDA: An increase in this input would result in a decrease in fair value (specific to the Canapar call option).
  - Volatility of EBITDA: An increase in this input would result in a decrease in fair value (specific to the Canapar call option).
  - Volatility of FX rate: An increase in this input would result in an increase in fair value.

- FinCAD model (Level 3) – Partial Differentiate Equation method with a system of coupled Black-Scholes equations. Simulates the cash flows an optimally behaving holder of a convertible bond will receive, bifurcating the debt and option components, with consideration of the following inputs:
  - Company equity value: An increase in this input would result in an increase in the fair value of the option component.
  - Volatility of company equity value: An increase in this input would result in an increase in the fair value of the option component.
  - Implied credit spread: An increase in this input would result in a decrease in the fair value of the debt component.

(Expressed in CDN $000's except share amounts)

    - Expected life (years): An increase in this input would result in an increase in the fair value of the option component and a decrease in fair value of the debt component.

- Cost approach (Level 3) – A range of percentage recoverability estimates is applied to the book values of assets and liabilities to estimate an entity's adjusted book value, with consideration of the following inputs:
    - Recoverability percentages: An increase in the recoverability percentage of the company's assets would result in an increase in fair value, and an increase in the recoverability percentage of the company's liabilities would result in a decrease in fair value.

- Market approach (Level 3) – A value ratio inferred from transaction and trading activity involving comparable businesses is applied to an underlying financial metric to estimate fair value, with consideration of the following inputs.
    - Annual revenue: An increase in this input would result in an increase in fair value.
    - Revenue multiple: An increase in this input would result in an increase in fair value.

The Company has performed sensitivity analyses over key inputs to Level 3 investments and has outlined the potential corresponding impact on total comprehensive income below. The illustrative changes to the fair value of the financial instruments presented below have been determined based on changes to individual inputs independently, without consideration of the impact of such change on other variables that influence value. The realization of the sensitivities outlined below would have affected the Company's net changes in fair value of financial assets at FVTPL and FVTOCI and would not have had a material impact on cash flows from operations.

Investee	Instrument	Input	Assumption	Change	Impact
Agripharm	Royalty interest	Discount rate	35.0%	+ 2.5% (abs)	$(800)
Radicle	Royalty interest	Discount rate	25.0%	+ 2.5% (abs)	$(311)
	Convertible debenture	Credit spread	26.0%	+ 5.0% (abs)	$(35)
Tweed Tree Lot	Royalty interest	Discount rate	20.0%	+ 2.5% (abs)	$(1,492)
TerrAscend	Exchangeable Shares	Timing of TerrAscend Triggering Event	Probability curve	+ 1 year	$(560)
		Volatility	Various	+ 5.0% (abs)	$(1,381)
TerrAscend Canada	Term Loan	Credit spread	Various	+ 2.5% (abs)	$(768)
Vert Mirabel	Common shares	Production (kg)	Various	- 5.0%	$(2,600)
		Long-term price	Various	- 5.0%	$(650)
		Discount rate	16.8%	+ 2.5% (abs)	$(2,700)
	Preferred shares	Discount rate	14.3%	+ 2.5% (abs)	$(257)
Civilized	Convertible debenture	Probability adjustment	67.0%	+ 5.0% (abs)	$(326)
Greenhouse Juice	Secured convertible debenture	Volatility	45.0%	- 5.0% (abs)	$(180)
		Credit spread	33.0%	+ 5.0% (abs)	$(216)
	Unsecured convertible debenture	Volatility	45.0%	- 5.0% (abs)	$(2)
		Credit spread	7.0%	+ 2.0% (abs)	$(4)
BioLumic	Convertible promissory note	Volatility	41.0%	- 5.0% (abs)	$(31)
		Credit spread	31.0%	+ 5.0% (abs)	$(29)
High Beauty	Convertible promissory note	Credit spread	30.7%	+ 5.0% (abs)	$(20)

(e) Market risk

Market risk is the risk that changes in market prices will affect the value of the Company's financial instruments or its earnings. The Company attempts to maximize returns while managing and controlling exposures within acceptable limits. The Company is exposed to equity price risk, which arises from investments measured at FVTPL and FVTOCI, and to a limited extent, foreign exchange risk.

18. CAPITAL MANAGEMENT

The Company's objective is to maintain a sufficient capital base so as to: (i) maintain investor, investee, and, if applicable, creditor and customer, confidence; (ii) sustain future development of the business; and (iii) provide the ability to continue as a going concern. The Company considers its capital structure to include shareholders' equity and, to the extent it exists, interest-bearing debt.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company may issue new shares or debt to maintain or adjust its capital structure.

As at March 31, 2020, total managed capital was $298,278 (March 31, 2019 – $408,186) comprised of shareholders' equity of $298,278 (March 31, 2019 – $408,186) and interest-bearing debt of $nil (March 31, 2019 – $nil).

The Company is dependent upon cash flows from investees, expected business growth, and capital markets as its sources of operating capital. As at March 31, 2020, the Company is not subject to any externally imposed capital requirements (March 31, 2019 – $12,000).

There were no changes to the Company's approach to capital management during the period.

19. COMMITMENTS AND CONTINGENCIES

(a) Commitments

In connection with the Company's investment in Greenhouse Juice as described in Note 10(e), the Company is required to exercise its warrants with a face value of $3,000 upon the achievement of certain revenue targets.

(b) Contingencies

As described in Note 7, in connection with the Company's strategic alliance with Kindred, the Company has a possible obligation to fund the Brokerage Payments, being the difference between the minimum annual aggregate brokerage fees and actual annual aggregate brokerage fees received by Kindred. The minimum annual aggregate brokerage fees are $3,000 for each of the 12 months ending December 31, 2020, and 2021. The Company notes that a contingent liability exists at each reporting period with respect to the possible Brokerage Payments. Accordingly, as at March 31, 2020, the Company had a contingent liability of $2,784 and $3,000 for the twelve months ending March 31, 2020, and 2021, respectively, which includes the Brokerage Payments Deposit of $833 currently recognized on the consolidated statement of financial position.

20. EARNINGS PER SHARE

Basic EPS is calculated by dividing the net income (or loss) of the Company by the weighted average number of Shares outstanding during the period. Diluted EPS is calculated by dividing the net income (or loss) of the Company by the weighted average number of Shares outstanding during the period as if potentially dilutive Shares have been issued during the period.

The following tables set forth the calculation of basic and diluted EPS for the twelve months ended March 31, 2020, and 2019:

(Expressed in CDN $000's except share amounts)

	Twelve months ended March 31, 2020			Twelve months ended March 31, 2019		
	Net loss	Weighted avg. number of shares	EPS	Net income	Weighted avg. number of shares	EPS
Basic	$ (40,566)	188,367,199	$(0.22)	$ 3,918	154,159,156	$0.03
Dilutive securities		-			12,858,349	
Diluted	**$ (40,566)**	**188,367,199**	**$(0.22)**	**$ 3,918**	**167,017,505**	**$0.02**

21. SUPPLEMENTAL CASH FLOW INFORMATION

	Twelve months ended March 31, 2020
Additions to financial assets at FVTOCI (Note 12)	$ 15,071
(-) Excess of share value over exercise price realized in JWC warrant exercise	(270)
Purchase of financial assets at FVTOCI	**$ 14,801**

22. SUBSEQUENT EVENTS

On April 2, 2020, the Company commenced a normal course issuer bid ("NCIB"), allowing the Company to repurchase, at its discretion, up to 10,409,961 Subordinated Voting Shares in the open market or as otherwise permitted by the TSX, subject to the normal terms and limitations of such bids. Daily purchases are limited to 70,653 Subordinating Voting Shares, which represents 25% of the average daily trading volume on the TSX over a specified period. Subordinated Voting Shares purchased under the NCIB will be cancelled. The NCIB will expire on April 1, 2021.

On April 6, 2020, the Company invested $2,000 in Dynaleo Inc. ("Dynaleo"), an Alberta-based manufacturer that is focused on white-label manufacturing of cannabis-infused gummies for the Canadian market, pursuant to an unsecured convertible debenture. The debenture bears interest at a rate of 8% per annum, calculated and compounded monthly and payable at maturity. The debenture is convertible, upon the occurrence of certain events, into common shares of Dynaleo. The Company was also issued 1,000,000 common share purchase warrants with an exercise price of $1.4245 per common share. Upon conversion of the debenture, together with the warrants, the investment represents an equity interest of approximately 12% on a fully diluted basis.

On April 13, 2020, PharmHouse entered into an amendment to the PharmHouse Credit Agreement, which provides PharmHouse with an additional $10,000 of secured debt financing, representing an increase to the credit facility. Pursuant to the amendment and as part of the increase to the PharmHouse credit facility, the guarantee of the Company and CRC also increased by $10,000, commensurate with the increase to the credit facility.

On May 8, 2020, in connection with JWC's CCAA proceedings, the royalty agreement between the Company and JWC was terminated. On May 19, 2020, JWC provided an update on the progress of its restructuring and that a successful bidder had emerged. Under the Sales and Investor Solicitation Process, JWC and the successful bidder are seeking approval from the Ontario Superior Court of Justice for the successful bidder to purchase the assets of JWC. Based on the consideration to be received by JWC under the successful bid, holders of JWC's common shares will not receive any payments for, or distributions on, their common shares. As at the date of the announcement, the Company owned 16,241,819 common shares of JWC.

Subsequent to year end, financial markets have continued to be negatively impacted by the novel coronavirus ("COVID-19"), which was declared a pandemic by the World Health Organization on March 12, 2020. The COVID-19 pandemic is dynamic with various cities and countries around the world responding in different ways to address the outbreak. The Company continues to monitor its investment portfolio and assess the impact COVID-19 will have on its business activities. The extent of the effect of the COVID-19 pandemic on the Company is uncertain.