RIV CAPITAL INC.

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2021 AND 2020

(IN CANADIAN DOLLARS)

RIV CAPITAL INC.

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UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in CA $000's)	Notes		As at December 31, 2021		As at March 31, 2021
Assets					
Current assets					
Cash	5	$	405,598	$	127,882
Interest and royalty receivable, net of provision for credit losses	8		2,871		2,608
Income tax receivable			10,028		-
Other receivables			-		460
Prepaid expenses and other assets			2,392		781
			420,889		**131,731**
Finance lease receivable	6		-		2,870
Interest receivable - long term, net of provision for credit losses	8		-		1,612
Right-of-use assets			289		402
Equity method investees	7		6,899		7,366
Financial assets at fair value through profit or loss	8		16,301		164,030
Financial assets at fair value through other comprehensive income	9		23,800		23,218
Deferred tax asset	13		1,059		4,001
Other long-term assets			102		132
			48,450		**203,631**
Total assets		**$**	**469,339**	**$**	**335,362**
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities		$	1,993	$	2,944
Income tax payable	13		-		17,538
Lease liability - current			162		156
Financial guarantee liability	4(b)		-		3,000
			2,155		**23,638**
Convertible note	10		97,431		-
Deferred tax liability	13		22,164		-
Lease liability - non-current			141		264
			119,736		**264**
Total liabilities			**121,891**		**23,902**
Shareholders' equity					
Share capital	11		242,618		240,874
Reserves			87,215		17,921
Contributed surplus			58,859		58,859
Deficit			(41,244)		(6,194)
			347,448		**311,460**
Total liabilities and shareholders' equity		**$**	**469,339**	**$**	**335,362**

Commitments and contingencies (Note 15)

Subsequent events (Note 17)

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

RIV CAPITAL INC.

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Expressed in CA $000's, except for per share amounts)	Notes	Three months ended December 31, 2021	Three months ended December 31, 2020	Nine months ended December 31, 2021	Nine months ended December 31, 2020
Operating income (loss)					
Lease income on finance lease receivable	6	$ -	$ 170	$ 114	$ 506
Interest income on loans receivable		-	-	-	2,447
Royalty and interest income on financial assets at fair value through profit or loss	8	755	5,683	1,617	9,633
Change in provision for credit losses on interest and royalty receivables					
PharmHouse		-	-	-	(8,939)
Other	14	(668)	(2,850)	(2,886)	(3,777)
Operating income (loss) (before equity method investees and fair value changes)		**87**	**3,003**	**(1,155)**	**(130)**
Operating expenses					
General and administrative expenses		1,587	981	6,215	3,610
Consulting and professional fees		577	441	2,818	1,168
Share-based compensation	11	260	80	932	434
Depreciation and amortization expense		50	50	144	137
Restructuring costs		-	1,838	-	2,266
Total operating expenses		**2,474**	**3,390**	**10,109**	**7,615**
Net operating loss (before equity method investees and fair value changes)		**(2,387)**	**(387)**	**(11,264)**	**(7,745)**
Share of loss from equity method investees					
PharmHouse		-	-	-	(37,025)
Other	7	(595)	(728)	(1,467)	(845)
Net change in fair value of financial assets at fair value through profit or loss	8	(3,792)	4,790	(39,277)	3,366
Other PharmHouse-related recovery (charges)					
Change in provision for credit losses on loans receivable		-	(6,200)	-	(51,956)
Change in provision for credit losses on financial guarantee liability	4(b)	-	(7,500)	1,935	(32,500)
Gain on disposition of equity method investee	7	-	462	-	462
Net operating loss		**(6,774)**	**(9,563)**	**(50,073)**	**(126,243)**
Other expenses (income)					
Unrealized foreign exchange gain		(5,038)	-	(7,349)	-
Accretion and interest expense	10	3,000	7	4,190	22
Gain on disposition of finance lease receivable	6	-	-	(1,103)	-
Other expenses (income), net		(152)	435	(762)	2,012
Loss before taxes		**(4,584)**	**(10,005)**	**(45,049)**	**(128,277)**
Income tax recovery	13	(1,075)	(11,411)	(9,624)	(15,875)
Net income (loss)		**$ (3,509)**	**$ 1,406**	**$ (35,425)**	**$ (112,402)**
Other comprehensive income not subsequently reclassified to net income (loss)					
Net change in fair value of financial assets at fair value through other comprehensive income, net of tax expense of $66 and $57 (2020 - $13,786 and $17,748)	9	434	80,759	376	114,877
Total comprehensive income (loss)		**$ (3,075)**	**$ 82,165**	**$ (35,049)**	**$ 2,475**
Earnings (loss) per share - basic	16	**$ (0.02)**	**$ 0.01**	**$ (0.25)**	**$ (0.59)**
Earnigns (loss) per share - diluted	16	**$ (0.02)**	**$ 0.01**	**$ (0.25)**	**$ (0.59)**

Comparative information has been amended to align with current year presentation.

RIV CAPITAL INC.

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

		Nine months ended	
(Expressed in CA $000's)	Notes	December 31, 2021	December 31, 2020
Cash flows used in operating activities			
Net loss		$ (35,425)	$ (112,402)
Adjustments for:			
Income on finance lease receivable	6	(114)	(506)
Share-based compensation expense	11	932	434
Share of loss from equity method investees			
PharmHouse		-	37,025
Other	7	1,467	845
Net change in fair value of financial assets at fair value through profit or loss	8	39,277	(3,366)
Change in provision for credit losses on loans receivable		-	51,956
Change in provision for credit losses on financial guarantee liability	4(b)	(1,935)	32,500
Gain on disposition of equity method investee	7	-	(462)
Gain on disposition of finance lease receivable	6	(1,103)	-
Accretion and interest expense	10	4,190	22
Income tax recovery	13	(9,624)	(15,875)
Unrealized foreign exchange gain		(7,349)	-
Other non-cash expenses		147	123
Decrease (increase) in interest and royalty receivable, net of provision for credit losses		(263)	5,755
Decrease (increase) in other receivables		460	(103)
Increase in prepaid expenses and other assets		(1,611)	(732)
Decrease (increase) in interest receivable - long term	8	1,612	(486)
Decrease in brokerage payments deposit		-	833
Increase (decrease) in accounts payable and accrued liabilities		(948)	1,624
Net cash used in operating activities before income taxes paid		(10,287)	(2,815)
Income taxes paid	13	(16,869)	-
Net cash used in operating activities		**$ (27,156)**	**$ (2,815)**
Cash flows provided by (used in) investing activities			
Investment in loans receivable		-	(9,506)
Investment in equity method investees	7	(1,000)	-
Disposition of equity method investees	7	-	7,000
Investment in financial assets at fair value through profit or loss	8	-	(3,748)
Disposition of financial assets at fair value through profit or loss	8	106,852	-
Disposition of financial assets at fair value through other comprehensive income	9	1,451	-
Payment of financial guarantee liability, net	4(b)	(1,070)	-
Payments from finance lease receivable		95	435
Disposition of finance lease receivable	6	3,990	-
Purchase of other long-term assets		-	(91)
Net cash provided by (used in) investing activities		**$ 110,318**	**$ (5,910)**
Cash flows provided by (used in) financing activities			
Proceeds from issuance of convertible note	10	188,475	-
Payment of lease principal		(131)	(131)
Proceeds from exercise of stock options and warrants	11	45	434
Financing costs	10	(1,184)	-
Shares repurchased under normal course issuer bid	11	-	(307)
Net cash provided by (used in) financing activities		**$ 187,205**	**$ (4)**
Net increase (decrease) in cash		$ 270,367	$ (8,729)
Effect of foreign exchange rate movements on cash held		7,349	-
Cash, beginning of fiscal period		127,882	46,724
Cash, end of fiscal period		**$ 405,598**	**$ 37,995**

RIV CAPITAL INC.

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in CA $000's, except for share amounts)	Number of Multiple Voting Shares	Number of Subordinated Voting Shares[1]	Share capital	Reserves: Share-based compensation	Reserves: Convertible note	Contributed surplus	Deficit	Shareholders' equity
Balance at March 31, 2020	36,468,318	152,837,131	$ 284,646	$ 28,288	$ -	$ 58,859	$ (73,515)	$ 298,278
Shares repurchased and cancelled under normal course issuer bid	-	(109,100)	(136)	-	-	-	-	(136)
Repayment of share purchase loans	-	-	32	-	-	-	-	32
Issuance of Subordinated Voting Shares pursuant to repayment of share purchase loans	-	638,891	1,582	(1,582)	-	-	-	-
Exercise of options (excluding seed capital options)	-	100,000	358	(299)	-	-	-	59
Share-based compensation (seed capital options)	-	-	-	59	-	-	-	59
Share-based compensation (consultant, and employee and director options)	-	-	-	733	-	-	-	733
Share-based compensation (Restricted Share Units)	-	-	-	117	-	-	-	117
Net loss	-	-	-	-	-	-	(3,426)	(3,426)
Other comprehensive income	-	-	-	-	-	-	10,701	10,701
Balance at June 30, 2020	**36,468,318**	**153,466,922**	**$ 286,482**	**$ 27,316**	**$ -**	**$ 58,859**	**$ (66,240)**	**$ 306,417**
Repayment of share purchase loans	-	-	$ 63	$ -	$ -	$ -	$ -	$ 63
Issuance of Subordinated Voting Shares pursuant to repayment of share purchase loans	-	1,266,668	3,097	(3,097)	-	-	-	-
Exercise of options (excluding seed capital options)	-	266,667	905	(745)	-	-	-	160
Shares repurchased and cancelled under normal course issuer bid	-	(164,200)	(181)	-	-	-	-	(181)
Share-based compensation (seed capital options)	-	-	-	(1,308)	-	-	-	(1,308)
Share-based compensation (consultant, and employee and director options)	-	-	-	355	-	-	-	355
Share-based compensation (restricted share units)	-	-	-	(5)	-	-	-	(5)
Share-based compensation (performance share units)	-	-	-	404	-	-	-	404
Net loss	-	-	-	-	-	-	(110,381)	(110,381)
Other comprehensive income	-	-	-	-	-	-	23,417	23,417
Balance at September 30, 2020	**36,468,318**	**154,836,057**	**$ 290,366**	**$ 22,920**	**$ -**	**$ 58,859**	**$ (153,204)**	**$ 218,941**
Deferred tax asset recognition – share issuance costs	-	-	$ 1,173	$ -	$ -	$ -	$ -	$ 1,173
Exercise of options (excluding seed capital options)	-	198,334	635	(516)	-	-	-	119
Share-based compensation (seed capital options)	-	-	-	(87)	-	-	-	(87)
Share-based compensation (consultant, and employee and director options)	-	-	-	63	-	-	-	63
Share-based compensation (restricted share units)	-	-	-	45	-	-	-	45
Share-based compensation (performance share units)	-	-	-	59	-	-	-	59
Net income	-	-	-	-	-	-	1,406	1,406
Other comprehensive income	-	-	-	-	-	-	80,759	80,759
Balance at December 31, 2020	**36,468,318 -**	**155,034,391**	**$ 292,174**	**$ 22,484**	**$ -**	**$ 58,859**	**$ (71,039)**	**$ 302,478**
Balance at March 31, 2021	-	142,084,523	$ 240,874	$ 17,921	$ -	$ 58,859	$ (6,194)	$ 311,460
Exercise of options (excluding seed capital options)	-	97,272	341	(296)	-	-	-	45
Redemption of performance share units	-	253,342	138	(138)	-	-	-	-
Share-based compensation (consultant, and employee and director options)	-	-	-	273	-	-	-	273
Share-based compensation (restricted share units)	-	-	-	60	-	-	-	60
Share-based compensation (performance share units)	-	-	-	67	-	-	-	67
Net loss	-	-	-	-	-	-	(30,421)	(30,421)
Other comprehensive loss	-	-	-	-	-	-	(492)	(492)
Balance at June 30, 2021	**-**	**142,435,137**	**$ 241,353**	**$ 17,887**	**$ -**	**$ 58,859**	**$ (37,107)**	**$ 280,992**
Redemption of restricted share units	-	9,628	$ 7	$ (7)	$ -	$ -	$ -	$ -
Deferred tax asset recognition – share issuance costs	-	-	1,258	-	-	-	-	1,258
Share-based compensation (consultant, and employee and director options)	-	-	-	145	-	-	-	145
Share-based compensation (restricted share units)	-	-	-	60	-	-	-	60
Share-based compensation (performance share units)	-	-	-	67	-	-	-	67
Equity component of convertible note, net of tax	-	-	-	-	68,803	-	-	68,803
Net loss	-	-	-	-	-	-	(1,496)	(1,496)
Other comprehensive income	-	-	-	-	-	-	434	434
Balance at September 30, 2021	**-**	**142,444,765**	**$ 242,618**	**$ 18,152**	**$ 68,803**	**$ 58,859**	**$ (38,169)**	**$ 350,263**
Share-based compensation (consultant, and employee and director options)	-	-	$ -	$ 105	$ -	$ -	$ -	$ 105
Share-based compensation (restricted share units)	-	-	-	102	-	-	-	102
Share-based compensation (performance share units)	-	-	-	53	-	-	-	53
Net loss	-	-	-	-	-	-	(3,509)	(3,509)
Other comprehensive income	-	-	-	-	-	-	434	434
Balance at December 31, 2021	**-**	**142,444,765**	**$ 242,618**	**$ 18,412**	**$ 68,803**	**$ 58,859**	**$ (41,244)**	**$ 347,448**

[1] Subsequent to the close of the CGC Transaction (as defined herein), the Company had one class of shares outstanding (the Common Shares, as defined herein).

1. DESCRIPTION OF BUSINESS

RIV Capital Inc. (the "Company" or "RIV Capital") is the parent company of RIV Capital Corporation ("RCC"). RIV Capital is a publicly-traded corporation listed on the Canadian Securities Exchange (the "CSE") under the trading symbol "RIV". RIV Capital is an investment and acquisition firm specializing in cannabis. The Company aims to capitalize on the building momentum in the U.S. cannabis market and pursue large investment or acquisition opportunities in established U.S.-based operating businesses.

The Company was incorporated under the name "AIM2 Ventures Inc." ("AIM2") by articles of incorporation pursuant to the Business Corporations Act (Ontario) (the "OBCA") 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, the Company 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"). Immediately prior to the Qualifying Transaction, the Company changed its name from "AIM2 Ventures Inc." to "Canopy Rivers Inc."

Prior to completion of the CGC Transaction (as defined herein), the Company was controlled by Canopy Growth Corporation ("CGC"). The Company operated as a venture capital firm specializing in cannabis, identifying strategic counterparties seeking financial and/or operating support, and aimed 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.

On February 23, 2021, the Company, RCC, CGC, and The Tweed Tree Lot Inc., a wholly-owned subsidiary of CGC ("Tweed Tree Lot"), completed a plan of arrangement under the OBCA pursuant to which, among other things, the Company disposed of certain assets held by RCC in exchange for cash, common shares in the capital of CGC, and the cancellation of all shares in the capital of the Company held by CGC (collectively, the "CGC Transaction"). Following the completion of the CGC Transaction, the Company has a single class of common shares (the "Common Shares"), each of which carries one vote per share, and CGC no longer has any equity, debt, or other interest in the Company. In connection with the closing of the CGC Transaction, the Company changed its name from "Canopy Rivers Inc." to "RIV Capital Inc." and RCC changed its name from "Canopy Rivers Corporation" to "RIV Capital Corporation".

On August 24, 2021, the Company closed the purchase by The Hawthorne Collective, a newly-formed cannabis-focused subsidiary of The Scotts Miracle-Gro Company ("ScottsMiracle-Gro"), of a US$150,000 unsecured convertible note from RIV Capital (the "Hawthorne Investment"). The Hawthorne Investment established RIV Capital as The Hawthorne Collective's preferred vehicle for cannabis-related investments not currently under the purview of The Hawthorne Gardening Company (a separate subsidiary of ScottsMiracle-Gro). Immediately prior to the closing of the Hawthorne Investment, the Company voluntarily delisted its Common Shares from the Toronto Stock Exchange (the "TSX") and began trading on the CSE.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These unaudited condensed interim consolidated financial statements (the "Interim Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of condensed interim consolidated financial statements, including IAS 34, *Interim Financial Reporting*.

The Interim Financial Statements were authorized for issue by the Company's Board of Directors (the "Board") on February 28, 2022.

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

(b) Basis of measurement

The Interim 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 8, 9, and 14 for fair value considerations.

(c) Basis of preparation

The Interim Financial Statements were prepared in accordance with IFRS as issued by the IASB following the same accounting policies and methods of computation as were followed in the preparation of the audited annual consolidated financial statements as at and for the twelve months ended March 31, 2021 (the "Annual Financial Statements").

The notes presented in the Interim Financial Statements include, in general, only significant changes and transactions occurring since March 31, 2021. As such, certain disclosures included in the Interim Financial Statements have been condensed or omitted. Accordingly, the Interim Financial Statements should be read in conjunction with the Annual Financial Statements.

The preparation of condensed interim consolidated financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are consistent with those disclosed in the notes to the Annual Financial Statements, unless as otherwise noted herein.

The Interim 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 Interim 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 December 31, 2021, the Company controlled the following active legal entities:

- RCC
- 2683922 Ontario Inc.

The Company does not control any of its other investees.

3. CHANGES IN ACCOUNTING POLICY

The significant accounting policies used in preparing the Interim Financial Statements are consistent with those disclosed in the Annual Financial Statements and have been applied across all periods presented in the Interim Financial Statements, except as noted below.

(a) New significant accounting policies applicable to the Company

Compound Financial Instruments

Compound financial instruments are instruments that contain both a financial liability (such as an obligation to make payments of principal and interest) and an equity component (such as an equity conversion feature). Compound financial instruments are accounted for by the issuer separately by their components.

Where the conversion option stipulates the issuance of a fixed number of an entity's own equity instruments, the financial liability component, which represents the obligation to pay principal and coupon interest on the convertible instrument in the future, is initially recognized at its fair value and subsequently measured at amortized cost using the effective interest method. The residual amount is accounted for as an equity instrument and is measured on the date of issuance as the difference between the fair value of the compound financial instrument and the fair value of the financial liability component. The equity component is not remeasured subsequent to initial recognition. On conversion or expiry, the carrying value of the equity component is transferred to share capital or contributed surplus, as applicable.

Where the conversion option stipulates the issuance of a variable number of an entity's own equity instruments, the conversion option is recognized as a derivative liability measured at fair value through profit or loss. The residual amount is recognized as a financial liability and is subsequently measured at amortized cost.

Transaction costs directly attributable to the compound financial instrument are allocated to the underlying components in proportion to their initial carrying amounts.

Accretion and interest expense related to the financial liability component is recognized in the statement of comprehensive income (loss) over the term to maturity using the effective interest rate. On conversion, the financial liability is reclassified to equity and no gain or loss is recognized.

Impact of the significant accounting policy on critical estimates and judgments

The identification of the components embedded within a convertible instrument requires significant judgement given that it is based on the interpretation of the substance of the contractual arrangement. The determination of fair value is also an area of significant judgement subject to various inputs, assumptions, and estimates, including, but not limited to, contractual future cash flows, discount rates, credit spread volatility, probabilities of the occurrence and timing of potential future events, the presence of any derivative financial instruments, and equity price volatility.

(b) New accounting pronouncements

The following new interpretations and amendments have been issued and are applicable for annual periods beginning on or after April 1, 2021. The list includes standards and interpretations issued that the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they become effective, and does not expect the standards to have a material impact on the Interim Financial Statements.

Amendments to IAS 37, Onerous Contracts

In May 2020, the IASB issued 'Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)' amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendment is effective for annual reporting periods beginning on or after January 1, 2022.

Amendments to IFRS 3, Business Combinations

The IASB has published 'Reference to the Conceptual Framework (Amendments to IFRS 3)' with amendments that update an outdated reference in IFRS 3 without significantly changing its requirements. The amendments are effective for annual periods beginning on or after January 1, 2022.

Certain other new accounting standards, amendments, and interpretations have been published that are not mandatory for the current period and have not been early adopted by the Company. These standards are not expected to have a significant impact on the Company in the current and future reporting periods.

4. PHARMHOUSE

PharmHouse Inc. ("PharmHouse"), a joint venture formed on May 7, 2018, between the Company and 2615975 Ontario Limited (the "PharmHouse Majority Shareholder"), was a company formerly licensed to cultivate cannabis under the Cannabis Act.

a) CCAA Proceedings

On May 14, 2021, PharmHouse, through its Sale and Investor Solicitation Process ("SISP"), closed the sale of its greenhouse facility pursuant to the PharmHouse Asset Purchase Agreement (the "PharmHouse Sale").

On June 23, 2021, PharmHouse received approval from the Ontario Superior Court of Justice (Commercial List) (the "Court") to terminate its creditor protection under the Companies' Creditors Arrangement Act ("CCAA") proceedings (the "CCAA Proceedings") upon the monitor filing a certificate that all remaining activities in the CCAA Proceedings have been completed, including the payment of the remaining funds to the Company and the filing of an assignment into bankruptcy of PharmHouse.

On September 9, 2021, the monitor filed the CCAA termination certificate and PharmHouse was assigned into bankruptcy pursuant to the Bankruptcy and Insolvency Act. In connection with the termination of the CCAA Proceedings and assignment into bankruptcy, the Company received a final distribution from PharmHouse of $6,465 (the "Final PharmHouse Distribution"). The receipt of the Final PharmHouse Distribution concluded the Company's relationship with PharmHouse in all material respects.

b) PharmHouse Guarantee

Prior to March 31, 2021, PharmHouse entered a syndicated credit agreement (as amended, the "PharmHouse Credit Agreement") with a number of Canadian banks (the "Lenders") for a committed, non-revolving credit facility with a maximum principal amount of $90,000 (the "PharmHouse Credit Facility"), which was fully drawn. The obligations of PharmHouse under the PharmHouse Credit Facility were secured by guarantees of the Company and RCC, and a pledge by RCC of all of the shares of PharmHouse held by it (the "PharmHouse Guarantee"). During the twelve months ended March 31, 2021, the Company determined that the recoverable amount of PharmHouse's assets would be less than the principal amount owed by PharmHouse to the Lenders pursuant to the PharmHouse Credit Facility. Accordingly, during the twelve months ended March 31, 2021, the Company recognized a change in provision for expected credit losses on the PharmHouse Guarantee of $28,000 on its statement of comprehensive income (loss). Furthermore, on March 16, 2021, the Company made a payment to the Lenders of $25,000 (the "First Guarantee Payment"). Accordingly, as at March 31, 2021, the Company recognized a financial guarantee liability on its statement of financial position of $3,000.

Concurrent with the closing of the PharmHouse Sale described above, the Company made a second payment to the Lenders of $7,535 (the "Second Guarantee Payment"). Accordingly, as at June 30, 2021, the Company had made payments of $32,535 to the Lenders in respect of its obligations pursuant to the PharmHouse Guarantee. The net proceeds received from the PharmHouse Sale, when combined with the First Guarantee

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

Payment and the Second Guarantee Payment, among other items, satisfied all obligations outstanding pursuant to the PharmHouse Credit Facility, and thus the PharmHouse Credit Facility was terminated and cancelled.

As noted above, in connection with the termination of the CCAA Proceedings on September 9, 2021, the Company received the Final PharmHouse Distribution, which is combined with the Second Guarantee Payment and presented on the Company's unaudited condensed interim consolidated statement of cash flows on a net basis. Accordingly, during the nine months ended December 31, 2021, the Company made net payments of $1,070 in respect of the PharmHouse Guarantee (determined as the difference between the Second Guarantee Payment and the Final PharmHouse Distribution).

During the three and nine months ended December 31, 2021, the Company recognized an expense (recovery) in the provision for expected credit losses on the PharmHouse Guarantee of $nil and $(1,935), respectively (three and nine months ended December 31, 2020 – $7,500 and $32,500, respectively) after derecognizing the PharmHouse Guarantee liability, which was estimated to be $3,000 as at March 31, 2021, and recognizing the Final PharmHouse Distribution.

c) Statement of claim

During the three months ended December 31, 2021, the Company was informed that the statement of claim received by the Company on February 10, 2021, as disclosed in the Audited Financial Statements (the "Revised Claim") was intended to be discontinued by the PharmHouse Majority Shareholder. As at December 31, 2021, no further action had been taken in respect of the Revised Claim.

5. CASH

As at December 31, 2021, the Company's cash balance included cash deposits of $180,381 that carry certain restrictions pursuant to the Hawthorne Investment. Please refer to Note 10 for further details on the Hawthorne Investment.

During the three and nine months ended December 31, 2021, the Company recognized an unrealized gain on foreign-denominated cash deposits of $5,038 and $7,349, respectively (three and nine months ended December 31, 2020 – $nil).

6. FINANCE LEASE RECEIVABLE

In August 2017, the Company acquired a building located in New Brunswick, Canada. The building was leased to 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.

On June 2, 2021, the Company closed a definitive purchase and sale agreement with Tweed Tree Lot to sell the property in exchange for cash consideration of $3,990 (net of transaction costs). At the time of disposition, the finance lease receivable had a carrying amount of $2,887. Accordingly, during the three and nine months ended December 31, 2021, the Company recognized a gain on disposition of the finance lease receivable of $nil and $1,103, respectively (three and nine months ended December 31, 2020 – $nil). With the sale of the property and corresponding termination of the lease agreement, the Company no longer has any agreements with Tweed Tree Lot.

	As at December 31, 2021	As at March 31, 2021
Non-current finance lease receivable	$ -	$ 2,870
Total	**$ -**	**$ 2,870**

During the three and nine months ended December 31, 2021, the Company recognized income on the finance lease receivable of $nil and $114, respectively (three and nine months ended December 31, 2020 – $170 and $506, respectively).

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

7. INVESTMENTS IN ASSOCIATES

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

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

Name of Associate	Intended Principal Activity	Nature of Investment	Place of Principal Business	Method of Accounting	Note	December 31, 2021 Ownership Interest (Non-Diluted)
NOYA	Vertically-integrated cannabis operations	Common shares	Canada	Equity method	7(a)	25%(i)
		Royalty interest		FVTPL	8(b)	
		Convertible debenture		FVTPL	8(b)	
		Warrants		FVTPL	8(b)	
Greenhouse Juice	Plant-based beverage production and distribution	Preferred shares	Canada	Equity method	7(b)	16%(ii)
		Convertible debenture		FVTPL	8(d)	
		Warrants		FVTPL	8(d)	
LeafLink Intl.	B2B supply chain and marketplace technology platform	Common shares	Canada	Equity method	7(d)	17%(iii)
High Beauty	Cannabis beauty brands production and distribution	Preferred shares	United States	Equity method	7(e)	20%(iv)
		Convertible promissory note		FVTPL	8(f)	
		Warrants		FVTPL	8(f)	

(i) The Company owns 24% of the equity of NOYA on a fully diluted basis and has the right to designate 20% of the director nominees.
(ii) The Company owns 29% of the equity of Greenhouse Juice on a fully diluted basis (excluding the control warrant, discussed below) and has the right to designate 20% of the director nominees.
(iii) 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.
(iv) The Company owns 17% 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 three and nine months ended December 31, 2021, and 2020.

Entity(1)	Balance at Oct. 1, 2021	Additions	Share of loss	Proceeds of disposition	Gain on disposition	FX gain / (loss)	Balance at Dec. 31, 2021
NOYA	$ 2,624	$ -	$ (445)	$ -	$ -	$ -	$ 2,179
LeafLink Intl.	2,200	-	(42)	-	-	-	2,158
Greenhouse Juice	2,670	-	(108)	-	-	-	2,562
Total	**$ 7,494**	**$ -**	**$ (595)**	**$ -**	**$ -**	**$ -**	**$ 6,899**

(1) As at December 31, 2021, the Company also owned preferred shares of High Beauty, which are not included in the table above as the estimated carrying value of the investment was $nil at both the beginning and the end of the reporting period.

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

Entity[1]	Balance at Oct. 1, 2020	Additions[2]	Share of loss	Proceeds of disposition	Gain on disposition	FX gain / (loss)	Balance at Dec. 31, 2020
NOYA	$ 3,042	$ -	$ (265)	$ -	$ -	$ -	$ 2,777
PharmHouse	-	-	-	-	-	-	-
Canapar	7,861	-	(323)	(8,000)	462	-	-
LeafLink Intl.	2,382	-	(46)	-	-	-	2,336
High Beauty	94	-	(94)	-	-	-	-
Greenhouse Juice	-	1,300	-	-	-	-	1,300
Total	**$ 13,379**	**$ 1,300**	**$ (728)**	**$ (8,000)**	**$ 462**	**$ -**	**$ 6,413**

(1) As at December 31, 2020, the Company also owned preferred shares in Herbert, which is not included in the table above as the estimated fair value of the investment was $nil at both the beginning and the end of the reporting period.
(2) Additions include the conversion of financial assets previously measured at FVTPL.

Entity[1]	Balance at Apr. 1, 2021	Additions	Share of loss	Proceeds of disposition	Gain on disposition	FX gain / (loss)	Balance at Dec. 31, 2021
NOYA	$ 2,934	$ -	$ (755)	$ -	$ -	$ -	$ 2,179
LeafLink Intl.	2,293	-	(135)	-	-	-	2,158
Greenhouse Juice	2,139	1,000	(577)	-	-	-	2,562
Total	**$ 7,366**	**$ 1,000**	**$ (1,467)**	**$ -**	**$ -**	**$ -**	**$ 6,899**

(1) As at December 31, 2021, the Company also owned preferred shares of High Beauty, which are not included in the table above as the estimated carrying value of the investment was $nil at both the beginning and the end of the reporting period.

Entity	Balance at Apr. 1, 2020	Additions[1]	Share of income / (loss)	Proceeds of disposition	Gain on disposition	FX gain / (loss)	Balance at Dec. 31, 2020
NOYA[2]	$ 1,937	$ -	$ 840	$ -	$ -	$ -	$ 2,777
PharmHouse[3]	37,025	-	(37,025)	-	-	-	-
Canapar	8,500	-	(962)	(8,000)	462	-	-
Herbert	100	-	(100)	-	-	-	-
LeafLink Intl.	2,481	-	(145)	-	-	-	2,336
High Beauty	500	-	(478)	-	-	(22)	-
Greenhouse Juice	-	1,300	-	-	-	-	1,300
Total	**$ 50,543**	**$ 1,300**	**$ (37,870)**	**$ (8,000)**	**$ 462**	**$ (22)**	**$ 6,413**

(1) Additions include the conversion of financial assets previously measured at FVTPL.
(2) The Company's share of income relating to its investment in NOYA noted above includes an adjustment of $1,346 related to NOYA's 2019 financial statement audit.
(3) The Company's share of loss relating to its investment in PharmHouse includes an impairment charge on the carrying value of PharmHouse's underlying assets. Please refer to the Annual Financial Statements for additional information.

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

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

As at and for the nine months ended December 31, 2021							
Entity	**Applicable reporting period**	**Current assets**	**Non-current assets**	**Current liabilities**	**Non-current liabilities**	**Revenue**	**Income / (loss)**
NOYA	Sep. 30, 2021	$ 9,110	$ 9,041	$ 7,390	$ 8,341	$ 7,160	$ (1,080)
LeafLink Intl.	Sep. 30, 2021	1,459	11,876	369	-	38	(809)
High Beauty	Sep. 30, 2021	941	293	6,339	1,453	696	(1,856)
Greenhouse Juice	Sep. 30, 2021	3,035	11,910	14,630	12,133	10,022	(3,850)

As at and for the nine months ended December 31, 2020							
Entity[(1)]	**Applicable reporting period**	**Current assets**	**Non-current assets**	**Current liabilities**	**Non-current liabilities**	**Revenue**	**Income / (loss)**
NOYA	Sep. 30, 2020	$ 5,942	$ 8,611	$ 1,427	$ 10,489	$ 5,559	$ (2,303)
Canapar	Sep. 30, 2020	10,958	13,923	2,918	-	31	(1,959)
Herbert	Sep. 30, 2020	142	1,025	723	-	71	(685)
LeafLink Intl.	Sep. 30, 2020	2,454	11,881	302	-	12	(889)
High Beauty	Sep. 30, 2020	1,225	153	936	4,012	655	(2,860)

(1) The table above does not reflect the financial position and operating results of PharmHouse. Please refer to Note 4 for additional details regarding material events that occurred at PharmHouse during the nine months ended December 31, 2020.

The Company assessed its investments in associates for indicators of impairment as at December 31, 2021, and, where indicators were present, conducted additional analysis to determine whether the carrying values of the relevant equity investments were greater than the corresponding recoverable amounts. The carrying value of an investment in an associate is assessed for impairment after first applying the equity method.

The Company concluded that no impairment charges should be recognized for the three and nine months ended December 31, 2021 (three and nine months ended December 31, 2020 – $nil).

INVESTMENTS HELD AS AT MARCH 31, 2021

a) NOYA

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

As at December 31, 2021, the Company owned 17,588,424 common shares of NOYA (March 31, 2021 – 17,588,424 common shares), representing a 25% equity interest on a non-diluted basis. The Company had not yet received any distributions on account of its common share investment in NOYA. The Company had also advanced $1,000 to NOYA pursuant to a convertible debenture and owned common share purchase warrants. Together, the Company's investments represented a 24% equity interest in NOYA on a fully diluted basis as at December 31, 2021.

The convertible debenture and warrants are accounted for at fair value through profit or loss ("FVTPL"). Please refer to Note 8(b) for additional details on the Company's investment in NOYA.

b) Greenhouse Juice Company

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

On July 15, 2021, due to the achievement of certain revenue targets by Greenhouse Juice that triggered a mandatory exercise, the Company exercised its remaining 924,582 preferred share purchase warrants of Greenhouse Juice for an aggregate purchase price of $1,000.

As at December 31, 2021, the Company owned 3,830,412 preferred shares of Greenhouse Juice (March 31, 2021 – 2,905,830), representing a 16% equity interest on a non-diluted basis. The Company had not yet received any distributions on account of its preferred share investment in Greenhouse Juice. The Company had also advanced $6,000 to Greenhouse Juice pursuant to a secured convertible debenture agreement (March 31, 2021 – $6,000). The Company also owned an additional control warrant that, if exercised, would increase its ownership interest in Greenhouse Juice to 51%.

The secured convertible debenture and control warrant are accounted for at FVTPL. Please refer to Note 8(d) for additional details on the Company's investment in Greenhouse Juice.

c) Herbert

Herbert Works, legally 10663522 Canada Inc. ("Herbert"), is an early-stage beverage brand platform licensed to conduct research and development activities under the Cannabis Act.

On September 28, 2021, the Company entered into a share transfer agreement pursuant to which the Company transferred its 4,074,074 preferred shares of Herbert to Greenbud Holdings Inc. for nominal consideration and agreed to cancel its previously-held control warrant. Accordingly, as at December 31, 2021, the Company did not own any financial assets in Herbert.

Prior to the transfer, as a result of previously-recognized impairment charges and Herbert's cumulative net losses, the carrying value of the Company's investment in Herbert preferred shares had already been reduced to $nil. As such, no gain or loss was recognized on disposition.

d) 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 December 31, 2021, the Company owned 2,000,000 common shares of LeafLink Intl. (March 31, 2021 – 2,000,000), representing a 17% equity interest on a non-diluted basis. The Company had not yet received any distributions on account of its common share investment in LeafLink Intl.

e) High Beauty

High Beauty Inc. ("High Beauty") is a producer and distributor of cannabis-based beauty products, including the brands *high* and *CanBE Naturally*.

As at December 31, 2021, the Company owned 2,500,000 preferred shares of High Beauty (March 31, 2021 – 2,500,000), representing a 20% equity interest on a non-diluted basis. The Company had not yet received any distributions on account of its preferred share investment in High Beauty. The Company had also advanced $1,009 to High Beauty pursuant to a senior secured convertible promissory note and owned preferred share purchase warrants. Together, the Company's investments represented a 17% equity interest in High Beauty on a fully diluted basis as at December 31, 2021.

As at December 31, 2021, as a result of previously-recognized impairment charges and High Beauty's cumulative net losses, the carrying value of the Company's investment in High Beauty preferred shares had been reduced to $nil.

The senior secured convertible promissory note and warrants are accounted for at FVTPL. Please refer to Note 8(f) for additional details on the Company's investment in High Beauty.

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

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The following tables outline changes in financial assets measured at FVTPL for the three and nine months ended December 31, 2021, and 2020:

Three months ended December 31, 2021								
Entity[1]	**Instrument**	**Note**	**Balance at Oct. 1, 2021**	**Net change in fair value**	**Conver-sions / Disposi-tions**	**Balance at Dec. 31, 2021**	**Dividend / interest / royalty income**	**Dividend / interest / royalty receiv-able**[2]
Agripharm	Royalty interest	8(a)	$ 6,600	$ (2,600)	$ -	$ 4,000	$ -	$ -
NOYA	Royalty interest	8(b)	3,600	(400)	-	3,200	475	679
NOYA	Convertible debenture	8(b)	840	-	-	840	30	90
NOYA	Warrants	8(b)	40	(40)	-	-	-	-
RAMM	Common shares	8(c)	1,233	(462)	-	771	-	-
Greenhouse Juice	Secured convertible debenture	8(d)	5,700	(200)	-	5,500	250	2,097
Greenhouse Juice	Warrants	8(d)	20	(20)	-	-	-	-
High Beauty	Convertible promissory note	8(f)	1,120	(550)	-	570	-	-
BioLumic	Second convertible promissory note	8(g)	680	10	-	690	-	-
Dynaleo	Warrants	8(h)	760	(30)	-	730	-	-
Headset	Convertible promissory note	8(i)	1,100	500	(1,600)	-	-	-
Total			**$ 21,693**	**$ (3,792)**	**$ (1,600)**	**$ 16,301**	**$ 755**	**$ 2,866**

(1) As at December 31, 2021, the Company also owned a convertible debenture and common share purchase warrants of Civilized Worldwide Inc. ("Civilized"), and preferred share purchase warrants of High Beauty, which are not included in the table above as the estimated fair values of these investments were $nil at both the beginning and the end of the reporting period.

(2) Presented net of provisions for expected credit losses.

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

			Three months ended December 31, 2020						
Entity[1]	**Instrument**	**Note**	**Balance at Oct. 1, 2020**	**Additions [2]**	**Net change in fair value**	**Conversions / Dispositions**	**Balance at Dec. 31, 2020**	**Dividend / interest / royalty income**	**Dividend / interest / royalty receivable[3]**
Agripharm	Royalty interest	8(a)	$ 6,700	$ -	$ (1,300)	$ -	$ 5,400	$ 3,834	$ 1,872
NOYA	Royalty interest	8(b)	4,200	-	(200)	-	4,000	464	439
NOYA	Convertible debenture	8(b)	840	-	-	-	840	30	60
NOYA	Warrants	8(b)	40	-	-	-	40	-	-
Vert Mirabel[4]	Preferred shares		21,650	-	950	-	22,600	-	-
Civilized	Convertible debenture		500	-	(500)	-	-	-	-
Canapar	Call option		1,100	-	(1,100)	-	-	-	-
Canapar	Contingent consider-ation	8(c)	-	1,000	-	-	1,000	-	-
Greenhouse Juice	Secured convertible debenture	8(d)	5,100	-	-	-	5,100	222	1,410
Greenhouse Juice	Unsecured convertible debenture		1,300	-	-	(1,300)	-	-	-
Greenhouse Juice	Warrants	8(d)	10	-	-	-	10	-	-
High Beauty	Convertible promissory note	8(f)	980	-	(30)	-	950	-	-
High Beauty	Warrants	8(f)	60	-	-	-	60	-	-
BioLumic	Second convertible promissory note	8(g)	670	-	(20)	-	650	-	-
Tweed Tree Lot[4]	Royalty interest		19,400	-	(4,400)	-	15,000	933	933
TerrAscend Canada[4]	Term Loan		13,500	-	9,500	-	23,000	200	991
TerrAscend[4]	Warrants II		280	-	1,920	-	2,200	-	-
Dynaleo	Warrants	8(h)	860	-	(30)	-	830	-	-
Headset	Convertible promissory note	8(i)	1,100	-	-	-	1,100	-	-
Total			**$ 78,290**	**$ 1,000**	**$ 4,790**	**$ (1,300)**	**$ 82,780**	**$ 5,683**	**$ 5,705**

(1) As at December 31, 2020, the Company also owned common share purchase warrants of Civilized and Herbert, which are not included in the table above as the estimated fair values of the investments were $nil at both the beginning and the end of the reporting period.

(2) Additions for the three months ended December 31, 2020, include the recognition of non-cash contingent consideration related to the disposition of the Company's investment in Canapar (as defined herein). Please refer to Note 8(c) for additional information.

(3) Presented net of provisions for expected credit losses.

(4) Please refer to the Annual Financial Statements for additional information regarding these investments.

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

Nine months ended December 31, 2021									
Entity[1]	**Instrument**	**Note**	**Balance at Apr. 1, 2021**	**Additions[2]**	**Net change in fair value**	**Conversions / dispositions[3]**	**Balance at Dec. 31, 2021**	**Dividend / interest / royalty income**	**Dividend / interest / royalty receivable[4]**
Agripharm	Royalty interest	8(a)	$ 5,100	$ -	$ (1,100)	$ -	$ 4,000	$ 45	$ -
NOYA	Royalty interest	8(b)	4,000	-	(800)	-	3,200	756	679
NOYA	Convertible debenture	8(b)	840	-	-	-	840	90	90
NOYA	Warrants	8(b)	40	-	(40)	-	-	-	-
Canapar	Contingent consider-ation	8(c)	1,000	-	1,000	(2,000)	-	-	-
RAMM	Common shares	8(c)	-	2,000	(1,192)	(37)	771	-	-
Greenhouse Juice	Secured convertible debenture	8(d)	5,600	-	(100)	-	5,500	726	2,097
Greenhouse Juice	Warrants	8(d)	20	-	(20)	-	-	-	-
High Beauty	Convertible promissory note	8(f)	970	-	(400)	-	570	-	-
BioLumic	Second convertible promissory note	8(g)	650	-	40	-	690	-	-
Dynaleo	Warrants	8(h)	810	-	(80)	-	730	-	-
Headset	Convertible promissory note	8(i)	1,100	-	500	(1,600)	-	-	-
CGC	Common shares	8(j)	143,900	-	(37,085)	(106,815)	-	-	-
PharmHouse	Distribution rights	8(k)	-	6,470	-	(6,470)	-	-	-
Total			**$ 164,030**	**$ 8,470**	**$ (39,277)**	**$(116,922)**	**$ 16,301**	**$ 1,617**	**$ 2,866**

(1) As at December 31, 2021, the Company also owned a convertible debenture and common share purchase warrants of Civilized and preferred share purchase warrants of High Beauty, which are not included in the table above as the estimated fair values of these investments were $nil at both the beginning and the end of the reporting period.

(2) Additions include the issuance of common shares of RAMM (as defined herein) received as satisfaction of the contingent consideration owed to the Company in connection with the sale of its investment in Canapar (as disclosed in Note 8(c)) and the recognition of the estimated distribution to be received from PharmHouse upon termination of the CCAA Proceedings (as disclosed in Note 4).

(3) Dispositions include the satisfaction of the contingent consideration received in connection with the Company's sale of its Canapar interest. Please refer to Note 8(c) for further information.

(4) Presented net of provisions for expected credit losses.

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

Nine months ended December 31, 2020									
Entity[1]	**Instrument**	**Note**	**Balance at Apr. 1, 2020**	**Additions[2]**	**Net change in fair value**	**Conversions / dispositions**	**Balance at Dec. 31, 2020**	**Dividend / interest / royalty income**	**Dividend / interest / royalty receivable[3]**
Agripharm	Royalty interest	8(a)	$ 12,600	$ -	$ (7,200)	$ -	$ 5,400	$ 3,912	$ 1,872
NOYA	Royalty interest	8(b)	4,000	-	-	-	4,000	713	439
NOYA	Convertible debenture	8(b)	880	-	(40)	-	840	90	60
NOYA	Warrants	8(b)	50	-	(10)	-	40	-	-
Vert Mirabel[4]	Preferred shares		20,000	-	2,600	-	22,600	-	-
Civilized	Convertible debenture		2,100	-	(2,100)	-	-	-	-
Canapar	Call option		1,100	-	(1,100)	-	-	-	-
Canapar	Contingent consider-ation	8(c)	-	1,000	-	-	1,000	-	-
Greenhouse Juice	Secured convertible debenture	8(d)	7,500	-	(2,400)	-	5,100	644	1,410
Greenhouse Juice	Unsecured convertible debenture		3,000	-	(1,700)	(1,300)	-	-	-
Greenhouse Juice	Warrants	8(d)	390	-	(380)	-	10	-	-
High Beauty	Convertible promissory note	8(f)	850	-	100	-	950	-	-
High Beauty	Warrants	8(f)	90	-	(30)	-	60	-	-
BioLumic	Convertible promissory note		2,400	-	(261)	(2,139)	-	-	-
BioLumic	Second convertible promissory note	8(g)	-	668	(18)	-	650	-	-
Tweed Tree Lot[4]	Royalty interest		15,100	-	(100)	-	15,000	3,677	933
TerrAscend Canada[4]	Term Loan		10,000	-	13,000	-	23,000	597	991
TerrAscend[4]	Warrants II		110	-	2,090	-	2,200	-	-
Dynaleo	Convertible debenture		-	1,613	452	(2,065)	-	-	-
Dynaleo	Warrants	8(h)	-	387	443	-	830	-	-
Headset	Convertible promissory note	8(i)	-	1,080	20	-	1,100	-	-
Total			**$ 80,170**	**$ 4,748**	**$ 3,366**	**$ (5,504)**	**$ 82,780**	**$ 9,633**	**$ 5,705**

(1) As at December 31, 2020, the Company also owned common share purchase warrants of Civilized and Herbert, which are not included in the table above as the estimated fair values of the investments were $nil at both the beginning and the end of the reporting period.
(2) Additions for the nine months ended December 31, 2020, include the recognition of non-cash contingent consideration related to the disposition of the Company's investment in Canapar. Please refer to Note 8(c) further information.
(3) Presented net of provisions for expected credit losses.
(4) Please refer to the Annual Financial Statements for additional information regarding these investments.

Included in interest and royalty receivable on the unaudited condensed interim consolidated statement of financial position as at December 31, 2021, is $5 relating to the Company's interest receivable from cash deposits held.

INVESTMENTS HELD AS AT MARCH 31, 2021

Please refer to Note 14 for additional details on valuation methodologies and key inputs and assumptions for these investments.

a) Agripharm

Agripharm Corp. ("Agripharm") is a company licensed to cultivate and process cannabis under the Cannabis Act.

As at December 31, 2021, the Company had advanced $20,000 to Agripharm that was subject to a royalty agreement (March 31, 2021 – $20,000). Under the terms of the royalty agreement, the Company was intended to 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 pursuant to the royalty agreement.

The royalty interest is measured at FVTPL. As at December 31, 2021, the Company determined that Agripharm would not be able to meet its financial obligations pursuant to the royalty agreement (including the payment of the outstanding overdue royalty balance owing to the Company, as well as future minimum annual payments) based upon underlying business conditions. Accordingly, the Company discontinued its recognition of royalty income pursuant to the royalty agreement, and wrote off the entire outstanding gross royalty receivable balance of $5,715 on its statement of financial position, against which it had previously recognized a provision for expected credit losses for the full amount.

As at December 31, 2021, the Company estimated the fair value of the royalty interest based upon an adjusted book value approach, which considers the Company's priority claim on Agripharm's assets, and the amounts expected to be recovered through an orderly liquidation of those assets. The estimation of the recoverable amount of Agripharm's assets included significant assumptions regarding the recoverability range for various assets (expressed as a percentage of carrying value).

On October 7, 2021, the Company entered into an asset purchase agreement with TREC Brands Inc. ("TREC Brands") for the sale of the Company's financial assets in Agripharm. Subject to certain terms and conditions, the Company will sell its royalty interest in Agripharm to TREC Brands. The purchase price to be paid by TREC Brands for the royalty interest will be satisfied through the issuance of common shares of TREC Brands, which is expected to represent approximately 26% of the equity of TREC Brands on a non-diluted basis at the time of closing (excluding the impact of any concurrent financing). As at December 31, 2021, the conditions precedent for the closing of this transaction had not been met.

b) NOYA

As at December 31, 2021, the Company had advanced $5,000 to a wholly-owned subsidiary of NOYA pursuant to a royalty agreement (March 31, 2021 – $5,000). Under the terms of the royalty agreement, the Company is intended to 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 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 December 31, 2021, the Company determined that there was a risk that NOYA would not be able to meet its financial obligations pursuant to the royalty agreement (including the payment of the outstanding overdue royalty balance owing to the Company as at December 31, 2021, of $1,361 and future minimum annual payments of $900) based upon underlying business conditions. This risk is reflected in the assumptions used in the Company's estimation of the fair value of the royalty interest and the provision for expected credit losses on the outstanding royalty receivable balance.

As described in Note 7(a), as at December 31, 2021, the Company had also advanced $1,000 to NOYA pursuant to a convertible debenture agreement (March 31, 2021 – $1,000) and owned 266,667 common share purchase warrants (March 31, 2021 – 266,667). The convertible debenture represents a financial asset that is initially measured at fair value and is subsequently measured at FVTPL, while the warrants represent a derivative financial instrument that is also initially measured at fair value and subsequently measured at FVTPL.

c) RAMM

During the prior fiscal year, the Company sold its interest in Canapar Corp. ("Canapar") to RAMM Pharma Corp. ("RAMM") for consideration of up to $9,000. On closing of the sale, RAMM delivered a cash payment of $7,000 to the Company to purchase the Company's 29,833,333 common shares in Canapar. The transaction also included contingent consideration of $2,000, to be paid upon the achievement of certain operational milestones or upon the occurrence of certain events, including a change of control of Canapar, which occurred during the three months ended June 30, 2021. Accordingly, on June 30, 2021, the contingent portion of the consideration owed to the Company was satisfied through the issuance of 2,105,263 common shares in the capital of RAMM, valued at $2,000 at the time the shares were delivered. The RAMM common shares represent a financial asset that is initially measured at fair value and is subsequently measured at FVTPL.

During the three and nine months ended December 31, 2021, the Company sold nil and 50,500 common shares of RAMM at an average price of $nil and $0.73 per share, respectively, for aggregate net proceeds of $nil and $35, respectively (three and nine months ended December 31, 2020 – not applicable). As at December 31, 2021, the Company owned 2,054,763 common shares of RAMM (March 31, 2021 – not applicable).

d) Greenhouse Juice

As described in Note 7(b), as at December 31, 2021, the Company had advanced $6,000 to Greenhouse Juice pursuant to a secured convertible debenture agreement (March 31, 2021 – $6,000). The Company also owned an additional warrant that, if exercised, would increase its ownership interest in Greenhouse Juice to 51% (a control warrant).

The secured convertible debenture represents a financial asset that is initially measured at fair value and is subsequently measured at FVTPL, while the control warrant represents a derivative financial instrument that is also initially measured at fair value and subsequently measured at FVTPL.

On July 15, 2021, due to the achievement of certain revenue targets by Greenhouse Juice that triggered a mandatory exercise, the Company exercised its remaining 924,582 preferred share purchase warrants of Greenhouse Juice for an aggregate purchase price of $1,000. The preferred share purchase warrants had previously been measured at FVTPL.

e) Herbert

As described in Note 7(c), on September 28, 2021, the Company entered into a share transfer agreement pursuant to which the Company transferred its 4,074,074 preferred shares of Herbert to Greenbud Holdings Inc. for nominal consideration and agreed to cancel its previously-held control warrant. Accordingly, as at December 31, 2021, the Company did not own any financial assets in Herbert.

The control warrant had previously been measured at FVTPL. Prior to the cancellation of the control warrant, the fair value of the control warrant was estimated to be $nil (March 31, 2021 – $nil). As such, no gain or loss was recognized upon cancellation of the control warrant.

f) High Beauty

As described in Note 7(e), as at December 31, 2021, the Company had advanced $1,009 (US$750) to High Beauty pursuant to a senior secured convertible promissory note (March 31, 2021 – $1,009 (US$750)) and owned preferred share purchase warrants.

The convertible promissory note represents a financial asset that is initially measured at fair value and is subsequently measured at FVTPL, while the warrants represent a derivative financial instrument that is also initially measured at fair value and subsequently measured at FVTPL.

On December 23, 2021, the Company and High Beauty amended certain terms of the senior secured convertible promissory note agreement. As a result of the agreed-upon amendments, the maturity date was extended from December 31, 2021, to March 31, 2022.

g) BioLumic

BioLumic Ltd. ("BioLumic") is an agricultural technology company based in New Zealand that has created a sustainable ultraviolet light crop yield enhancement technology, which 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.

As at December 31, 2021, the Company had advanced $668 (US$500) to BioLumic pursuant to a second convertible promissory note agreement (March 31, 2021 - $668 (US$500)). The second convertible promissory note represents a financial asset that is initially measured at fair value and is subsequently measured at FVTPL. The Company also owned 381,590 preferred shares of BioLumic (March 31, 2021 – 381,590). On initial recognition, the Company elected to account for its investment in the preferred shares of BioLumic initially at fair value and subsequently at fair value through other comprehensive income ("FVTOCI"). Please refer to Note 9(d) for additional details on the Company's investment in BioLumic.

h) Dynaleo

Dynaleo Inc. ("Dynaleo") is an Alberta-based company that is licensed to process and sell cannabis edibles under the Cannabis Act. Dynaleo is focused on manufacturing and distributing cannabis-infused gummies for the Canadian market.

As at December 31, 2021, the Company owned 1,000,000 common share purchase warrants of Dynaleo (March 31, 2021 – 1,000,000). The warrants represent a derivative financial instrument that is initially measured at fair value and subsequently measured at FVTPL. The Company also owned 1,449,569 common shares of Dynaleo (March 31, 2021 – 1,449,569). On initial recognition, the Company elected to account for its investment in the common shares of Dynaleo initially at fair value and subsequently at FVTOCI. Please refer to Note 9(e) for additional details on the Company's investment in Dynaleo.

i) 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.

On November 18, 2021, the principal amount of $1,080 (US$800) that the Company had advanced to Headset pursuant to a convertible promissory note agreement converted into 554,313 preferred shares of Headset. The convertible promissory note had previously been measured at FVTPL.

Prior to the conversion of the convertible promissory note, the Company had also owned 1,572,588 preferred shares of Headset (March 31, 2021 – 1,572,588). On initial recognition, the Company elected to account for its investment in the preferred shares of Headset initially at fair value and subsequently at FVTOCI. Please refer to Note 9(b) for additional details on the Company's investment in Headset.

j) CGC

As referenced in Note 1, pursuant to the CGC Transaction, the Company received 3,647,902 common shares in the capital of CGC. During the three and nine months ended December 31, 2021, the Company sold nil and 3,565,402 common shares of CGC, respectively, for aggregate net proceeds of $nil and $106,707, respectively (three and nine months ended December 31, 2020 – not applicable). As at December 31, 2021, the Company no longer owned any CGC common shares (March 31, 2021 – 3,565,402).

k) PharmHouse

As described in Note 4(b), as a result of the satisfaction of all outstanding obligations related to the PharmHouse Credit Facility and its subsequent termination and cancellation, the Company was entitled to the cash available for distribution upon the termination of the CCAA Proceedings. As at June 30, 2021, the Company had estimated this amount to be $6,470 (March 31, 2021 – not applicable). On September 3, 2021, the Company received the Final PharmHouse Distribution and derecognized the financial asset for the distribution rights.

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

9. 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 14. Please refer below for additional details on these investments.

The following tables outline changes in financial assets measured at FVTOCI for the three and nine months ended December 31, 2021, and 2020:

Three months ended December 31, 2021							
Entity	**Instrument**	**Note**	**Balance at Oct. 1, 2021**	**Additions[1]**	**Net change in fair value**	**Dispositions**	**Balance at Dec. 31, 2021**
Headset	Preferred shares	9(b)	$ 4,000	$ 1,600	$ 500	$ -	$ 6,100
ZeaKal	Preferred shares	9(c)	12,700	-	-	-	12,700
BioLumic	Preferred shares	9(d)	2,100	-	-	-	2,100
Dynaleo	Common shares	9(e)	2,900	-	-	-	$2,900
Total			**$ 21,700**	**$ 1,600**	**$ 500**	**$ -**	**$ 23,800**

(1) Additions include the conversion of financial assets previously measured at FVTPL.

Three months ended December 31, 2020							
Entity	**Instrument**	**Note**	**Balance at Oct. 1, 2020**	**Additions**	**Net change in fair value**	**Dispositions**	**Balance at Dec. 31, 2020**
TerrAscend[1]	Exchangeable Shares		$ 57,000	$ -	$ 105,000	$ -	$ 162,000
Vert Mirabel[1]	Common shares		26,000	-	(9,500)	-	16,500
Nova Cannabis	Common shares	9(a)	1,305	-	(55)	-	1,250
Headset	Preferred shares	9(b)	4,200	-	(200)	-	4,000
ZeaKal	Preferred shares	9(c)	13,300	-	(600)	-	12,700
BioLumic	Preferred shares	9(d)	2,200	-	(100)	-	2,100
Dynaleo	Common shares	9(e)	2,900	-	-	-	2,900
Total			**$ 106,905**	**$ -**	**$ 94,545**	**$ -**	**$ 201,450**

(1) Please refer to the Annual Financial Statements for additional information regarding these investments.

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

Nine months ended December 31, 2021							
Entity	**Instrument**	**Note**	**Balance at Apr. 1, 2021**	**Additions[1]**	**Net change in fair value**	**Dispositions**	**Balance at Dec. 31, 2021**
Nova Cannabis	Common shares	9(a)	$ 1,718	$ -	$ (267)	$ (1,451)	$ -
Headset	Preferred shares	9(b)	4,000	1,600	500	-	6,100
ZeaKal	Preferred shares	9(c)	12,600	-	100	-	12,700
BioLumic	Preferred shares	9(d)	2,000	-	100	-	2,100
Dynaleo	Common shares	9(e)	2,900	-	-	-	2,900
Total			**$ 23,218**	**$ 1,600**	**$ 433**	**$ (1,451)**	**$ 23,800**

[1] Additions include the conversion of financial assets previously measured at FVTPL.

Nine months ended December 31, 2020							
Entity	**Instrument**	**Note**	**Balance at Apr. 1, 2020**	**Additions[1]**	**Net change in fair value**	**Dispositions**	**Balance at Dec. 31, 2020**
JWC[2]	Common shares		$ 976	$ -	$ (976)	$ -	$ -
TerrAscend[2]	Exchangeable Shares		23,500	-	138,500	-	162,000
Vert Mirabel[2]	Common shares		19,900	-	(3,400)	-	16,500
Nova Cannabis	Common shares	9(a)	1,523	-	(273)	-	1,250
Headset	Preferred shares	9(b)	4,500	-	(500)	-	4,000
ZeaKal	Preferred shares	9(c)	14,200	-	(1,500)	-	12,700
BioLumic	Preferred shares	9(d)	-	2,139	(39)	-	2,100
Dynaleo	Common shares	9(e)	-	2,065	835	-	2,900
Total			**$ 64,599**	**$ 4,204**	**$ 132,647**	**$ -**	**$ 201,450**

[1] Additions include the conversion of financial assets previously measured at FVTPL.
[2] Please refer to the Annual Financial Statements for additional information regarding these investments.

INVESTMENTS HELD AS AT MARCH 31, 2021

Please refer to Note 14 for additional details on valuation methodologies and key inputs and assumptions for these investments.

(a) Nova Cannabis Inc.

Nova Cannabis Inc. (formerly YSS Corp.™) ("Nova Cannabis") is a publicly-traded company listed on the TSXV under the trading symbol "NOVC" and on the Frankfurt Stock Exchange under the trading symbol "2LK.BE". Nova Cannabis operates licensed cannabis retail stores in Alberta, Ontario, and Saskatchewan.

During the three and nine months ended December 31, 2021, the Company sold nil and 593,000 common shares of Nova Cannabis, respectively, for aggregate net proceeds of $nil and $1,446, respectively (three and nine months ended December 31, 2020 – nil). As at December 31, 2021, the Company no longer owned any Nova Cannabis common shares (March 31, 2021 – 593,000).

(b) Headset

As described in Note 8(i), on November 18, 2021, the principal amount of $1,080 (US $800) that the Company had advanced to Headset pursuant to a convertible promissory note agreement converted into 554,313 preferred shares of Headset. Accordingly, as at December 31, 2021, together with the preferred shares of Headset that the Company had owned prior to the conversion of the convertible promissory note, the Company owned 2,126,901 preferred shares of Headset (March 31, 2021 – 1,572,588), representing an 8% equity interest on a non-diluted basis.

(c) ZeaKal

ZeaKal, Inc. ("ZeaKal") is a California-based plant science company that has developed a novel plant genetics technology called PhotoSeed™. The PhotoSeed™ technology aims to increase photosynthesis, improve plant yield, and enhance nutritional profiles.

As at December 31, 2021, the Company owned 248,446 preferred shares of ZeaKal (March 31, 2021 – 248,446), representing a 9% equity interest on a non-diluted basis.

(d) BioLumic

As described in Note 8(g), as at December 31, 2021, the Company owned 381,590 preferred shares of BioLumic (March 31, 2021 – 381,590), representing a 10% equity interest on a non-diluted basis.

(e) Dynaleo

As described in Note 8(h), as at December 31, 2021, the Company owned 1,449,569 common shares of Dynaleo (March 31, 2021 – 1,449,569), representing a 10% equity interest on a non-diluted basis.

10. CONVERTIBLE NOTE

On August 24, 2021, The Hawthorne Collective, a wholly-owned subsidiary of ScottsMiracle-Gro, purchased an unsecured convertible promissory note of the Company (the "Convertible Note") in the principal amount of $188,475 (the "Hawthorne Investment"). The consideration paid by The Hawthorne Collective for the purchase of the Convertible Note was received by the Company in U.S. dollars (US$150,000).

The Convertible Note has a maturity date of August 24, 2027, and bears interest at a rate of approximately 2.0% per annum until August 24, 2023, after which no interest will accrue for the remainder of the term. Accrued interest will be payable on the maturity date or will be included in the conversion value of the Convertible Note at the time of conversion. The Convertible Note is convertible into Common Shares at a fixed conversion price of $1.90 per Common Share. The Convertible Note may be converted into Common Shares at the election of The Hawthorne Collective on a discretionary basis, or at RIV Capital's discretion upon the later of: (i) August 24, 2023; and (ii) the date on which federal laws in the U.S. are amended to allow for the general cultivation, distribution, and possession of cannabis. Conversion of the Convertible Note is subject to the receipt of any required regulatory (including under the Competition Act (Canada) and/or the U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976) and stock exchange approvals, and other conditions set out in the terms of the Convertible Note. There are certain restrictions relating to the permissible uses of the proceeds from the Hawthorne Investment as it relates to the Company's strategy of investing in, or acquiring, cannabis-related operating businesses in the U.S. See Note 5 for further details.

The Convertible Note's embedded conversion features were determined to meet the definition of a compound financial instrument. As such, on the date of issuance of the Convertible Note, the Company estimated the fair value of the debt component of the Convertible Note, and the residual amount was allocated to, and reported as, equity. To calculate the estimated fair value of the debt and equity components on the date of issuance, the Company used a FinCAD model, a widely accepted, commercially available analytic tool that applies the finite difference method of valuation. The fair value of the debt component of the Convertible Note was estimated to be $93,845 based upon several key estimates and assumptions. It is amortized over the term to maturity using an effective interest rate of 13.2%. The residual value of the proceeds received from the Convertible Note of $94,630 was allocated to the conversion feature and recognized in equity.

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

In connection with the Hawthorne Investment, the Company paid financing costs of $1,184, of which $590 were capitalized to the debt component and $594 were capitalized to the equity component.

The following table is a summary of certain key details regarding the Convertible Note:

Convertible Note	**Initial Recognition**
Issue date	August 24, 2021
Maturity date	August 24, 2027
Gross proceeds	$188,475
Financing costs	$1,184
Net proceeds	$187,291
Coupon rate	2.0% until Aug. 24, 2023; 0.0% thereafter
Conversion price	$1.90
Discount rate	17.0%
Effective interest rate	13.2%
Fair value of debt component	$93,845
Equity (residual) value	$94,630

The following table presents a summary continuity schedule for the Convertible Note for the nine months ended December 31, 2021.

		As at Dec. 31, 2021
Opening balance, Apr. 1, 2021	$	-
Add: face value on issuance		188,475
Less: value allocated to conversion feature (excluding financing costs allocated to equity component)		(94,630)
Less: financing costs allocated to debt component		(590)
Fair value of debt on initial recognition	$	93,255
Accretion expense during the period		4,176
Ending balance, Dec. 31, 2021	**$**	**97,431**

During the three and nine months ended December 31, 2021, the Company recognized accretion expense on the Convertible Note of $2,996 and $4,176, respectively, which was calculated using the effective interest method (three and nine months ended December 31, 2020 – not applicable).

11. SHARE CAPITAL

(a) *Authorized*

The Company has one class of shares outstanding (Class A Common Shares). The Company is authorized to issue an unlimited number of Common Shares and each Common Share is entitled to one vote at all meetings of the shareholders of the Company.

(b) Issued and outstanding

As at December 31, 2021, there were 142,444,765 Common Shares issued and outstanding (March 31, 2021 – 142,084,523).

(c) Stock options

The Company has a long-term incentive plan ("LTIP"), which provides for the issuance of non-transferable options, restricted share units ("RSUs"), performance stock units ("PSUs"), stock appreciation rights, and restricted stock to directors, officers, employees, and other eligible service providers of the Company. Pursuant to the LTIP, the maximum number of Common Shares issuable from treasury pursuant to outstanding options, RSUs, and PSUs shall not exceed 10% of the issued and outstanding Common Shares.

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

The LTIP is administered by the Board who establishes exercise prices for options, at not less than the market price at the date of the grant, and expiry dates. Options under the LTIP 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 generally 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 LTIP.

In determining the amount of share-based compensation expense, 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 the Company and comparable companies.

Consultant Options

As at March 31, 2021, the Company had 4,770,001 options to purchase Common Shares granted to employees of CGC and other consultants of the Company outstanding. During the three and nine months ended December 31, 2021, the Company did not grant any options to purchase Common Shares to consultants of the Company (three and nine months ended December 31, 2020 – nil). 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 Common Share and are exercisable in increments, with generally 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 grant 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, 2021	December 31, 2021
Share price	$0.60 – $3.50	$2.49	$1.55
Exercise price	$0.60 – $3.50	$0.60 – $3.50	$0.60 – $2.28
Risk-free interest rate	1.5%	0.2%	0.9%
Weighted average expected life (years)	3.0 – 4.0	0.7 – 2.6	0.0 – 1.9
Dividend yield	0%	0%	0%
Expected annualized volatility	70%	70%	70%
Expected forfeiture rate	0%	0%	0%

During the three and nine months ended December 31, 2021, nil and 110,000 consultant options were exercised at a weighted average exercise price of $nil and $0.60, respectively, for net proceeds of $nil and $45, respectively, after giving effect to the Company's cashless exercise program, pursuant to which a number of shares net of the exercise price value are issued upon exercise (three and nine months ended December 31, 2020 – 198,334 and 565,001 consultant options exercised at a weighted average exercise price of $0.60 for net proceeds of $119 and $339, respectively). During the three and nine months ended December 31, 2021, no consultant options were forfeited (three and nine months ended December 31, 2020 – 11,667 and 173,335 consultant options were forfeited with a weighted average exercise price of $0.60, respectively) and nil and 100,001 consultant options expired with a weighted average exercise price of $nil and $0.60, respectively (three and nine months ended December 31, 2020 – 11,667 and 41,667 consultant options expired with a weighted average exercise price of $0.60 and $2.69, respectively).

During the three and nine months ended December 31, 2021, the Company recognized share-based compensation expense related to consultant options of $1 and $26, respectively (three and nine months ended December 31, 2020 – $13 and $(189) in share-based compensation expense (recapture), respectively).

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

Employee and Director Options

As at March 31, 2021, the Company had 4,052,999 options to purchase Common Shares granted to employees and directors of the Company outstanding. During the three and nine months ended December 31, 2021, the Company did not grant any options to purchase Common Shares to employees or directors of the Company (three and nine months ended December 31, 2020 – nil). The options outstanding have exercise prices ranging from $1.10 to $4.50 per Common 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 grant 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 – $4.50
Exercise price	$1.10 – $4.50
Risk-free interest rate	1.4 – 2.3%
Weighted average expected life (years)	3.0 – 4.0
Dividend yield	0%
Expected annualized volatility	70%
Expected forfeiture rate	0%

During the three and nine months ended December 31, 2021, no employee and director options were exercised (three and nine months ended December 31, 2020 – nil). During the three and nine months ended December 31, 2021, 10,000 employee and director options were forfeited with a weighted average exercise price of $2.28 (three and nine months ended December 31, 2020 – 313,333 and 448,333 employee and director options were forfeited with a weighted average exercise price of $3.49 and $3.43, respectively) and nil and 23,332 employee and director options expired with a weighted average exercise price of $nil and $3.30, respectively (three and nine months ended December 31, 2020 – 100,000 and 451,000 employee and director options expired with a weighted average exercise price of $3.87 and $3.70, respectively).

During the three and nine months ended December 31, 2021, the Company recognized share-based compensation expense related to employee and director options of $104 and $497, respectively (three and nine months ended December 31, 2020 – $50 and $1,339, respectively).

Stock Options Summary

The following tables summarize information about options outstanding as at December 31, 2021, and March 31, 2021:

	Options Outstanding				**Options Exercisable**		
December 31, 2021	Weighted Average Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Fair Value per Share(1)	Weighted Average Exercise Price	Number of Options Exercisable	Weighted Average Fair Value per Share(1)
	$	#	# (years)	$	$	#	$
Seed capital	0.05	33,334	n/a	1.50	0.05	33,334	1.50
Consultant	2.53	4,560,000	1.4	0.32	2.53	4,540,001	0.32
Employee and director	3.05	4,019,667	1.9	1.54	2.93	3,450,335	1.46

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

	Options Outstanding				Options Exercisable		
March 31, 2021	Weighted Average Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Fair Value per Share[(1)]	Weighted Average Exercise Price	Number of Options Exercisable	Weighted Average Fair Value per Share[(1)]
	$	#	# (years)	$	$	#	$
Seed capital	0.05	33,334	n/a	2.44	0.05	33,334	2.44
Consultant	2.44	4,770,001	2.1	0.90	2.16	3,730,001	1.00
Employee and director	3.05	4,052,999	2.6	1.54	2.86	2,385,999	$1.39

(1) Weighted average fair value per share is based upon the estimated fair value of each option at the time of grant for options that are not remeasured each period.

The following table is a summary of the changes in the Company's outstanding options during the nine months ended December 31, 2021:

	# of Options	**Weighted Avg. Exercise Price**
Balance – March 31, 2021	8,856,334	$ 2.70
Granted	-	-
Exercised	110,000	0.60
Forfeited	10,000	2.28
Expired	123,333	1.11
Balance – December 31, 2021	**8,613,001**	**$ 2.76**

(d) Restricted Share Units

On March 18, 2020, the Company effected an RSU plan (the "RSU Plan") for non-employee directors whereby the Company may grant 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 Common Shares at specified future dates and the maximum number of Common Shares issuable from treasury pursuant to outstanding RSUs shall not exceed 1% of the issued and outstanding Common Shares. RSUs issued under the RSU Plan generally become redeemable in increments, with one-third being redeemable for Common Shares on each of the first, second, and third anniversaries from the date of grant. RSUs may also be granted on a discretionary basis.

During the three and nine months ended December 31, 2021, no RSUs were granted (three and nine months ended December 31, 2020 – nil and 28,884, respectively).

During the three and nine months ended December 31, 2021, nil and 9,628 RSUs were redeemed at a volume-weighted average grant price of $nil and $0.75, respectively (three and nine months ended December 31, 2020 – nil).

During the three and nine months ended December 31, 2021, the Company recognized share-based compensation expense related to the RSUs of $102 and $222, respectively (three and nine months ended December 31, 2020 – $45 and $157, respectively).

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

RSUs Summary

The following table is a summary of the changes in the Company's outstanding RSUs during the nine months ended December 31, 2021:

	# of RSUs	Weighted Avg. Grant Price
Balance – March 31, 2021	353,030	$ 1.16
Granted	-	-
Redeemed	9,628	0.75
Balance – December 31, 2021	**343,402**	**$ 1.17**

(e) Performance Stock Units

On August 5, 2020, 1,210,000 PSUs with a weighted average grant date fair value per share of $1.09 were granted to employees of the Company pursuant to the LTIP. The PSUs vest in three equal instalments on each of April 1, 2021, April 1, 2022, and April 1, 2023, generally subject to continued service, and, once vested, are redeemable, at the option of the holder, at specified times in the period between the vesting date and the fifth anniversary of the grant date, subject to earlier settlement in the event of termination of service. The number of PSUs that will be eligible to vest on each vesting date may be adjusted upwards based on the increase, if any, in the Common Share price between the grant date and the vesting date (the "Performance Factor").

During the three and nine months ended December 31, 2021, pursuant to the Performance Factor, an additional nil and 293,338 PSUs vested, respectively (three and nine months ended December 31, 2020 – not applicable).

During the three and nine months ended December 31, 2021, no PSUs were granted (three and nine months ended December 31, 2020 – nil and 1,210,000, respectively).

During the three and nine months ended December 31, 2021, nil and 253,342 PSUs were redeemed at a volume-weighted average grant price of $nil and $0.98, respectively (three and nine months ended December 31, 2020 – not applicable).

During the three and nine months ended December 31, 2021, 16,666 PSUs were forfeited (three and nine months ended December 31, 2020 – 285,000).

During the three and nine months ended December 31, 2021, the Company recognized share-based compensation expense related to the PSUs of $53 and $187, respectively (three and nine months ended December 31, 2020 – $59 and $463, respectively).

The following table is a summary of the changes in the Company's outstanding PSUs during the nine months ended December 31, 2021:

	# of PSUs	Weighted Avg. Grant Price
Balance – March 31, 2021	880,000	$ 0.98
Granted	-	-
Performance Factor Adjustment	293,338	0.98
Redeemed	253,342	0.98
Forfeited	16,666	0.98
Balance – December 31, 2021	**903,330**	**$ 0.98**

(f) Normal Course Issuer Bid

On April 2, 2020, the Company commenced a normal course issuer bid ("NCIB") to purchase up to 10,409,961 Common Shares, representing 10% of the Company's issued and outstanding Common Shares at that time, in the open market or as otherwise permitted by the TSX, subject to the normal terms and limitations of such bids. The NCIB expired on April 1, 2021.

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

During the three and nine months ended December 31, 2021, the Company did not repurchase and cancel any Common Shares (three and nine months ended December 31, 2020 – nil and 273,300 Common Shares repurchased at a weighted average acquisition price of $nil and $1.11 per share, respectively, for a total acquisition cost of $nil and $307, respectively).

12. 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. Together, these individuals controlled approximately 2.0% of the Common Shares of the Company on a fully diluted basis as at December 31, 2021. The following table summarizes compensation provided to key management personnel:

	Three months ended		Nine months ended	
	Dec. 31, 2021	**Dec. 31, 2020**	**Dec. 31, 2021**	**Dec. 31, 2020**
Executive salaries and accrued bonuses	$ 373	$ 272	$ 1,115	$ 1,172
Retention bonuses	-	-	1,193	-
Director fees[(1)]	41	30	139	112
Special committee fees	-	81	243	131
Share-based compensation				
Executive	117	188	453	1,033
Board	102	57	238	215

(1) At the beginning of the entity's fiscal year, each director submits an election to allocate their annual retainer between cash and share-based compensation, subject to certain restrictions. Director fees indicated above represent the cash portion of total director compensation (excluding special committee fees, which are paid in cash and presented separately), with the remainder presented in share-based compensation.

(b) Transaction with The Hawthorne Collective

On August 24, 2021, The Hawthorne Collective invested $188,475 in the Company pursuant to the Convertible Note issued by the Company. Please refer to Note 10 for further details.

(c) Transactions with other related parties

Transactions and balances with the Company's associates and former joint venture are described and discussed in Notes 4, 7, and 8.

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

13. INCOME TAXES

	Three months ended		Nine months ended	
	Dec. 31, 2021	**Dec. 31, 2020**	**Dec. 31, 2021**	**Dec. 31, 2020**
Current income tax expense (recovery)	$ (796)	$ 349	$ (10,122)	$ (153)
Deferred income tax expense (recovery)	(279)	(11,760)	498	(15,722)
Income tax recovery	**$ (1,075)**	**$ (11,411)**	**$ (9,624)**	**$ (15,875)**

Income tax recovery of $1,075 and $9,624 for the three and nine months ended December 31, 2021, respectively, is comprised of current income tax recovery of $796 and $10,122, respectively, and deferred income tax recovery of $279 and expense of $498, respectively (three and nine months ended December 31, 2020 – income tax recovery of $11,411 and $15,875, respectively, comprised of current income tax expense (recovery) of $349 and $(153), respectively, and deferred income tax recovery of $11,760 and $15,722, respectively).

During the three and nine months ended December 31, 2021, the Company recognized deferred income tax expense of $66 and $297, respectively, directly within other comprehensive income (three and nine months ended December 31, 2020 – deferred income tax recovery of $13,786 and $17,748, respectively). During the three and nine months ended December 31, 2021, the Company recognized current income tax recovery of $nil and $240, respectively, directly within other comprehensive income (three and nine months ended December 31, 2020 – $nil).

Upon initial recognition of the Convertible Note described in Note 10, the Company recognized a charge of $25,233 directly within equity and a corresponding deferred tax liability as a result of a temporary difference triggered by the recognition of the conversion feature within equity. The Company's reserve in shareholders' equity related to the Convertible Note is presented net of this charge and does not get remeasured. For the three and nine months ended December 31, 2021, the deferred tax liability was reduced by $435 and $748, respectively, through a corresponding deferred income tax recovery included in net loss. The Company's net deferred tax liability of $22,164 as at December 31, 2021, included a deferred tax liability of $24,485 related to the Convertible Note.

At December 31, 2021, the Company recognized a deferred tax asset of $1,059 driven by temporary differences the Company expects to reverse and be available for carryback to recover income taxes paid in respect of previous taxation years.

During the three and nine months ended December 31, 2021, the Company made (received) income tax payments (refunds) on a net basis of $(771) and $16,869, respectively, related to corporate income taxes in respect of the fiscal year ended March 31, 2021 (three and nine months ended December 31, 2020 – $nil). The Company has not made any income tax installment payments for the fiscal year ending March 31, 2022, as the Company expects to be in a net tax recovery position for the fiscal year.

14. FINANCIAL INSTRUMENTS

(a) 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 and other receivables. The Company is exposed to credit-related losses in the event of default by the counterparties. The Company has provided financing and upfront capital to investees in the normal course of business and has evaluated and monitored counterparty credit to mitigate credit risk.

For the three and nine months ended December 31, 2021, the Company recognized an increase in the provision for expected credit losses on its interest and royalty receivables of $668 and $2,886, respectively, in its statement of comprehensive income (loss) (three and nine months ended December 31, 2020 – increase of $2,850 and $12,716, respectively). The increase in the Company's provision for expected credit losses on its interest and royalty receivables for the three and nine months ended December 31, 2021, is primarily attributable to an increase in the provision for expected credit losses relating to the Company's royalty receivable balance with Agripharm described in Note 8(a) of $nil and $1,936, respectively; an increase in the provision for expected credit losses relating to the Company's interest and royalty receivable balances with NOYA described in Note 8(b) of $476 and $711, respectively; and an increase in the provision for expected credit losses relating to the Company's interest receivable balance with Greenhouse Juice described in Note 8(d) of $192 and $239, respectively.

The provisions recognized on the Company's statement of financial position as at December 31, 2021, represent 50% and 33% of the outstanding gross interest and royalty receivable balances for NOYA and Greenhouse Juice, respectively, and were recognized in connection with the enhanced risk that NOYA and Greenhouse Juice would not be able to meet their financial obligations pursuant to their respective royalty and convertible debenture agreements based on underlying business conditions. Furthermore, as described in Note 8(a), during the period the Company wrote off the entire outstanding gross royalty receivable balance of $5,715 on its statement of financial position relating to Agripharm, against which it had previously recognized a provision for expected credit losses for the full amount.

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

As described in Note 4, the Company was a guarantor for the PharmHouse Credit Facility in the event of non-compliance with covenants or default. In connection with the PharmHouse Sale, during the three and nine months ended December 31, 2021, the Company recognized a decrease in the provision for expected credit losses relating to the PharmHouse Guarantee of $nil and $1,935, respectively, on its statement of comprehensive income (loss) (three and nine months ended December 31, 2020 – increase of $7,500 and $32,500, respectively). During the three months ended September 30, 2021, the Company received the Final PharmHouse Distribution upon the termination of the CCAA Proceedings, the receipt of which concluded the Company's relationship with PharmHouse in all material respects.

(b) 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 receivables, 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 of the Company's other financial instruments were determined as at December 31, 2021:

	Fair value as at Dec. 31, 2021	**Fair value as at Mar. 31, 2021**	**Fair value hierarchy and technique**	**Key inputs**
Financial assets – fair value through profit or loss				
Agripharm Royalty Interest	$4,000	$5,100	**(Level 3):** Cost approach – adjusted book value: based upon the estimated recoverability values of Agripharm's assets in an orderly liquidation	*Key observable inputs:* • Carrying values from Agripharm's statement of financial position *Key unobservable inputs:* • Recoverability percentages applied to the carrying values of each class of Agripharm's assets
NOYA Royalty Interest	$3,200	$4,000	**(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:* • Per gram royalty • Minimum annual payment *Key unobservable inputs:* • Cannabis production • Discount rate (33% at Dec. 31, 2021; 25% at Mar. 31, 2021)

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

	Fair value as at Dec. 31, 2021	Fair value as at Mar. 31, 2021	Fair value hierarchy and technique	Key inputs
NOYA Convertible Debenture	$840	$840	**(Level 3):** FinCAD model (with a Black-Scholes option pricing model)	*Key observable inputs:* • Principal amount advanced • Interest rate • Conversion price ($0.60 at Dec. 31, 2021; $0.60 at Mar. 31, 2021) *Key unobservable inputs:* • Share price ($0.60 at Dec. 31, 2021; $0.60 at Mar. 31, 2021) • Implied credit spread (20% at Dec. 31, 2021; 20% at Mar. 31, 2021) • Expected annualized volatility (101% at Dec. 31, 2021; 101% at Mar. 31, 2021)
NOYA Warrants	$nil	$40	Not applicable	• As at December 31, 2021, the Company estimated that the fair value of the NOYA warrants is $nil
Greenhouse Juice Secured Convertible Debenture	$5,500	$5,600	**(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 amount advanced • Maturity date *Key unobservable inputs:* • Discount rate (21% at Dec. 31, 2021; not applicable at Mar. 31, 2021)
Greenhouse Juice Warrants	$nil	$20	Not applicable	• As at December 31, 2021, the Company estimated that the fair value of the Greenhouse Juice control warrant is $nil
High Beauty Convertible Promissory Note	$570	$970	**(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 amount advanced • Interest rate • Maturity date *Key unobservable inputs:* • Discount rate (20% at Dec. 31, 2021; not applicable at Mar. 31, 2021) • Probability adjustment (50% at Dec. 31, 2021; not applicable at Mar. 31, 2021)
BioLumic Second Convertible Promissory Note	$690	$650	**(Level 3):** Market approach – most recent financing: based upon principal amount advanced pursuant to the note, adjusted for FX gains/losses and interest accrued during the reporting period	*Key observable inputs:* • Principal amount advanced • Interest rate (6% at Dec. 31, 2021; 6% at Mar. 31, 2021) • FX rate
Dynaleo Warrants	$730	$810	**(Level 3):** Black-Scholes option pricing model	*Key observable inputs:* • Exercise price ($1.42 at Dec. 31, 2021; $1.42 at Mar. 31, 2021) *Key unobservable inputs:* • Share price ($2.00 at Dec. 31, 2021; $2.00 at Mar. 31, 2021)

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

	Fair value as at Dec. 31, 2021	Fair value as at Mar. 31, 2021	Fair value hierarchy and technique	Key inputs
				• Expected life (0.6 years at Dec. 31, 2021; 1.0 year at Mar. 31, 2021) • Expected annualized volatility (70% at Dec. 31, 2021; 70% at Mar. 31, 2021)
Headset Convertible Promissory Note	N/A	$1,100	Not applicable	• As at December 31, 2021, the convertible promissory note had converted into preferred shares of Headset
Canapar Contingent Consideration	N/A	$1,000	Not applicable	• As at December 31, 2021, the contingent consideration had been satisfied through the issuance of 2,105,263 common shares of RAMM and derecognized
CGC Common Shares	N/A	$143,900	Not applicable	• As at December 31, 2021, the Company no longer held common shares of CGC
RAMM Common Shares	$771	$nil	**(Level 1):** Quoted share price	• Not applicable
Total	**$16,301**	**$164,030**		
Financial assets – fair value through other comprehensive income				
Nova Cannabis Common Shares	$nil	$1,718	**(Level 1):** Quoted share price	• As at December 31, 2021, the Company no longer held common shares of Nova Cannabis
Headset Preferred Shares	$6,100	$4,000	**(Level 3):** Market approach – most recent financing: based upon per share valuation in Headset's November 2021 equity financing, adjusted for FX gains/losses	*Key observable inputs:* • Financing price • FX rate *Key unobservable inputs:* • Share price
ZeaKal Preferred Shares	$12,700	$12,600	**(Level 3):** Market approach – most recent financing: based upon per share valuation in ZeaKal's August 2019 equity financing, adjusted for FX gains/losses	*Key observable inputs:* • Financing price • FX rate *Key unobservable inputs:* • Share price
BioLumic Preferred Shares	$2,100	$2,000	**(Level 3):** Market approach – most recent financing: based upon per share valuation implied by BioLumic's August 2020 convertible note financing, adjusted for FX gains/losses	*Key observable inputs:* • Financing price • FX rate *Key unobservable inputs:* • Share price
Dynaleo Common Shares	$2,900	$2,900	**(Level 3):** Market approach – most recent financing: based upon per share valuation in Dynaleo's March 2021 equity financing	*Key observable inputs:* • Financing price *Key unobservable inputs:* • Share price
Total	**$23,800**	**$23,218**		

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

As at December 31, 2021, the Company also owned a convertible debenture and common share purchase warrants of Civilized and preferred share purchase warrants of High Beauty, which are not included in the table above as the estimated fair values of these investments were $nil at both the beginning and the end of the reporting period.

As at December 31, 2021, the total fair values by fair value hierarchy level are as follows:

Financial assets

- Level 1: $771 (March 31, 2021 – $145,618)
- Level 2: $nil (March 31, 2021 – $nil)
- Level 3: $39,330 (March 31, 2021 – $41,630)

No transfers between fair value levels occurred during the three and nine months ended December 31, 2021.

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.
  - 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.

- FinCAD model with Monte Carlo simulation (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.
  - 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 recoverability estimates, expressed as a percentage of carrying value, is applied to the carrying 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 a 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.

The Company performed sensitivity analyses over key inputs to Level 3 investments and has outlined the potential corresponding impact on total comprehensive income (loss) below. The illustrative changes to the fair values of the financial instruments presented below have been determined based upon 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 would not have had a material impact on cash flows from operations.

Investee	Instrument	Input	Assumption	Change	Impact
Agripharm	Royalty interest	Recoverability percentage	Various	- 10.0% (abs)	$(1,400)
NOYA	Royalty interest	Discount rate	32.5%	+ 2.5% (abs)	$(200)
Greenhouse Juice	Secured convertible debenture	Discount rate	21.0%	+ 2.5% (abs)	$(300)

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

15. COMMITMENTS AND CONTINGENCIES

As at December 31, 2021, the Company had the following obligations:

	Payments Due by Period				
Financial obligations	**Total**	**< 1 Year**	**1 to 3 Years**	**4 to 5 Years**	**> 5 Years**
Accounts payable and accrued liabilities	$ 1,993	$ 1,993	$ -	$ -	$ -
Lease liability[(1)]	636	346	290	-	-
Convertible Note[(2)]	196,127	-	-	-	196,127
Total financial obligations	**$ 198,756**	**$ 2,339**	**$ 290**	**$ -**	**$ 196,127**

(1) Based on the minimum lease payments due on the Company's office space in Toronto on a non-discounted basis.
(2) Assumes the principal balance as at December 31, 2021, remains outstanding at the maturity date. Includes the estimated accrued and unpaid interest over the life of the Convertible Note.

16. EARNINGS PER SHARE

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

The following tables set forth the calculation of basic and diluted EPS for the three and nine months ended December 31, 2021, and 2020:

	Three months ended Dec. 31, 2021			Nine months ended Dec. 31, 2021		
	Net loss	**Weighted avg. number of shares**	**EPS**	**Net loss**	**Weighted avg. number of shares**	**EPS**
Basic	$ (3,509)	142,444,765	$(0.02)	$ (35,425)	142,411,412	$(0.25)
Dilutive securities		-			-	
Diluted	**$ (3,509)**	**142,444,765**	**$(0.02)**	**$ (35,425)**	**142,411,412**	**$(0.25)**

	Three months ended Dec. 31, 2020			Nine months ended Dec. 31, 2020		
	Net income	**Weighted avg. number of shares**	**EPS**	**Net loss**	**Weighted avg. number of shares**	**EPS**
Basic	$ 1,406	191,650,023	$0.01	$ (112,402)	190,771,999	$(0.59)
Dilutive securities		1,288,195			-	
Diluted	**$ 1,406**	**192,938,218**	**$0.01**	**$ (112,402)**	**190,771,999**	**$(0.59)**

17. SUBSEQUENT EVENTS

On January 14, 2022, the Company and Greenhouse Juice amended certain terms of the senior secured convertible debenture agreement. As a result of the agreed-upon amendments, the maturity date was extended to March 31, 2022.