

RIV CAPITAL INC. (FORMERLY, CANOPY RIVERS INC.)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE TWELVE MONTHS ENDED MARCH 31, 2021, AND 2020

(IN CANADIAN DOLLARS)

RIV CAPITAL INC.

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of RIV Capital Inc.

Opinion

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

- the consolidated statements of financial position as at March 31, 2021 and March 31, 2020
- the consolidated statements of comprehensive income (loss) for the years then ended
- the consolidated statements of cash flows for the years then ended
- the consolidated statements of changes in shareholders' equity for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended March 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditors' report.

Evaluation of the Canopy Growth Corporation ("CGC") Transaction

Description of the matter

We draw your attention to Notes 1 and 5 to the financial statements. On December 21, 2020, the Entity entered into a definitive arrangement agreement pursuant to which, among other things, the Entity agreed to dispose of certain assets for cash, common shares in the capital of CGC and the cancellation of all shares in the capital of the Entity held by CGC as part of the CGC transaction. On February 23, 2021, the Entity completed the plan of arrangement, following which the Entity has a single class of common shares and CGC no longer has any equity, debt, or other interest in the Company.

Why the matter is a key audit matter

We identified the evaluation of the CGC transaction as a key audit matter. This matter was a significant transaction. Given the magnitude and the pervasiveness of its impact on the financial statements, there was a need for heightened auditor attention in evaluating the appropriateness of the accounting for the CGC transaction.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

We read the definitive arrangement agreements and compared the relevant terms to management's analysis of the CGC transaction.

We recalculated the fair value of the consideration received.

We evaluated the appropriateness of management's accounting conclusions over the allocation of consideration received and disposition of certain assets including the cancellation of the Entity's shares.



Other Information

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

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

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

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

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.



Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the



financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Yours very truly,

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants, Licensed Public Accountants

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

Vaughan, Canada

June 2, 2021

RIV CAPITAL INC.**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Expressed in CDN \$000's)	Notes	As at March 31, 2021	As at March 31, 2020
Assets			
Current assets			
Cash		\$ 127,882	\$ 46,724
Interest and royalty receivable, net of provision for credit losses	6,10	2,608	10,067
Other receivables		460	416
Prepaid expenses and other assets		781	264
		131,731	57,471
Brokerage payments deposit	7	-	833
Finance lease receivable	8	2,870	2,772
Interest receivable - long term, net of provision for credit losses	10	1,612	924
Right-of-use assets		402	553
Loans receivable, net of provision for credit losses	6(e)	-	42,450
Equity method investees	6(f),9	7,366	50,543
Financial assets at fair value through profit or loss	10	164,030	80,170
Financial assets at fair value through other comprehensive income	11	23,218	64,599
Deferred tax asset	15	4,001	-
Other long-term assets		132	70
		203,631	242,914
Total assets		\$ 335,362	\$ 300,385
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		\$ 2,944	\$ 1,541
Income tax payable		17,538	-
Lease liability - current		156	147
Financial guarantee liability	6(c)	3,000	-
		23,638	1,688
Lease liability - non-current		264	419
Total liabilities		23,902	2,107
Shareholders' equity			
Share capital	13	240,874	284,646
Share-based payment reserve		17,921	28,288
Contributed surplus		58,859	58,859
Retained earnings (deficit)		(6,194)	(73,515)
		311,460	298,278
Total liabilities and shareholders' equity		\$ 335,362	\$ 300,385
Commitments and contingencies (Note 18)			
Subsequent events (Note 20)			

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

RIV CAPITAL INC.**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

(Expressed in CDN \$000's, except for per share amounts)	Notes	Twelve months ended March 31, 2021	Twelve months ended March 31, 2020
Operating income			
Lease income on finance lease receivable	8	\$ 677	\$ 657
Interest income on loans receivable	6(e)	2,447	4,858
Royalty and interest income on financial assets at fair value through profit or loss	10	10,306	6,676
Change in provision for credit losses on interest and royalty receivables			
PharmHouse	6(e),16	(8,939)	-
Other	10	(3,873)	(269)
Operating income (before equity method investees and fair value changes)		618	11,922
Operating expenses			
General and administrative expenses		5,582	6,630
Consulting and professional fees		1,853	3,470
Share-based compensation	13	934	9,033
Depreciation and amortization expense		183	170
Restructuring costs	5,6(g)	6,953	-
Total operating expenses		15,505	19,303
Net operating loss (before equity method investees and fair value changes)		(14,887)	(7,381)
Share of loss from equity method investees			
PharmHouse	6(f)	(37,025)	(2,253)
Other	9	(892)	(3,902)
Impairment of equity method investees	9	-	(11,162)
Net changes in fair value of financial assets at fair value through profit or loss	10	(16,444)	(17,259)
Other PharmHouse-related charges			
Change in provision for credit losses on loans receivable	6,16	(53,656)	-
Change in provision for credit losses on financial guarantee liability	6(c),16	(28,000)	-
Gain on disposition of equity method investee	9	462	-
Net operating loss		(150,442)	(41,957)
Other expenses (income)			
Interest expense		28	36
Other expenses (income), net		1,884	(1,376)
Loss before taxes		(152,354)	(40,617)
Income tax recovery	15	(18,474)	(51)
Net loss		\$ (133,880)	\$ (40,566)
Other comprehensive income (loss) not subsequently reclassified to net income (loss)			
Net change in fair value of financial assets at fair value through other comprehensive income (loss), net of tax expense (recovery) of \$33,475 (2020 - \$(9,959))	11	201,201	(77,560)
Total comprehensive income (loss)		\$ 67,321	\$ (118,126)
Loss per share - basic	19	\$ (0.72)	\$ (0.22)
Loss per share - diluted	19	\$ (0.72)	\$ (0.22)

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

RIV CAPITAL INC.**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Expressed in CDN \$000's)	Notes	Twelve months ended	
		March 31, 2021	March 31, 2020
Cash flows used in operating activities			
Net loss		\$ (133,880)	\$ (40,566)
Adjustments for:			
Income on finance lease receivable	8	(677)	(657)
Share-based compensation expense	13	934	9,033
Share of loss from equity method investees			
PharmHouse	6(f),9	37,025	2,253
Other	9	892	3,902
Impairment of equity method investees	9	-	11,162
Net changes in fair value of financial assets at fair value through profit or loss	10	16,444	17,259
Change in provision for credit losses on loans receivable	6,16	53,656	-
Change in provision for credit losses on financial guarantee liability	6(c),16	28,000	-
Gain on disposition of equity method investee	9	(462)	-
Interest expense		28	36
Income tax recovery	15	(18,474)	(51)
Other non-cash expenses		171	420
Decrease (increase) in interest and royalty receivable, net of provision for credit losses		7,459	(7,616)
Increase in other receivables		(44)	(295)
Increase in prepaid expenses and other assets		(517)	(53)
Increase in interest receivable - long term	10	(688)	(924)
Decrease in brokerage payments deposit	7	833	167
Increase (decrease) in accounts payable and accrued liabilities		1,207	(937)
Net cash used in operating activities before income taxes paid		(8,093)	(6,867)
Income taxes paid		-	(799)
Net cash used in operating activities		\$ (8,093)	\$ (7,666)
Cash flows provided by (used in) investing activities			
Restricted cash reserve		-	12,000
Brokerage payments deposit	7	-	(1,000)
Investment in loans receivable	6	(11,206)	(2,450)
Investment in equity method investees	9	(1,000)	(2,867)
Disposition of equity method investees	9	7,000	-
Investment in financial assets at fair value through profit or loss	10	(3,748)	(42,364)
Disposition of financial assets at fair value through profit or loss	10	53,993	-
Investment in financial assets at fair value through other comprehensive income	11	-	(14,801)
Disposition of financial assets at fair value through other comprehensive income	11	67,704	150
Payment of financial guarantee liability	6(c)	(25,000)	-
Payments from finance lease receivable		580	580
Purchase of other long-term assets		(91)	(3)
Net cash provided by (used in) investing activities		\$ 88,232	\$ (50,755)
Cash flows provided by financing activities			
Payment of lease principal		(174)	(160)
Proceeds from exercise of stock options and warrants	13	1,500	1,122
Shares repurchased under normal course issuer bid	13	(307)	-
Net cash provided by financing activities		\$ 1,019	\$ 962
Net increase (decrease) in cash		\$ 81,158	\$ (57,459)
Cash, beginning of fiscal period		46,724	104,183
Cash, end of fiscal period		\$ 127,882	\$ 46,724

RIV CAPITAL INC.**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

(Expressed in CDN \$000's, except for share amounts)	Number of Multiple Voting Shares	Number of Subordinated Voting Shares	Share capital	Share-based payment reserve	Contributed surplus	Retained earnings (deficit)	Shareholders' equity
Balance at March 31, 2019	36,468,318	150,592,136	\$ 281,320	\$ 23,646	\$ 58,609	\$ 44,611	\$ 408,186
Repayment of share purchase loans	-	-	50	-	-	-	50
Issuance of Subordinated Voting Shares pursuant to repayment of share purchase loans	-	999,998	2,499	(2,499)	-	-	-
Exercise of options (excluding seed capital options)	-	1,244,997	3,014	(1,892)	-	-	1,122
Share-based compensation (seed capital options)	-	-	-	1,599	-	-	1,599
Share-based compensation (consultant, and employee and director options)	-	-	-	7,144	-	-	7,144
Share-based compensation (Restricted Share Units)	-	-	-	290	-	-	290
Contribution from shareholder on loan forgiveness	-	-	-	-	250	-	250
Deferred tax asset derecognition – share issuance costs	-	-	(2,237)	-	-	-	(2,237)
Net loss	-	-	-	-	-	(40,566)	(40,566)
Other comprehensive loss	-	-	-	-	-	(77,560)	(77,560)
Balance at March 31, 2020	36,468,318	152,837,131	\$ 284,646	\$ 28,288	\$ 58,859	\$ (73,515)	\$ 298,278
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	-	(273,300)	(317)	-	-	-	(317)
Shares cancelled pursuant to CGC Transaction	(36,468,318)	(15,223,938)	(57,523)	-	-	-	(57,523)
Repayment of share purchase loans	-	-	95	-	-	-	95
Issuance of Subordinated Voting Shares pursuant to repayment of share purchase loans	-	1,905,559	4,679	(4,679)	-	-	-
Exercise of options (excluding seed capital options)	-	2,720,301	8,024	(6,525)	-	-	1,499
RSU redemptions	-	118,770	97	(97)	-	-	-
Share-based compensation (seed capital options)	-	-	-	(1,336)	-	-	(1,336)
Share-based compensation (consultant, and employee and director options)	-	-	-	1,466	-	-	1,466
Share-based compensation (restricted share units)	-	-	-	217	-	-	217
Share-based compensation (performance share units)	-	-	-	587	-	-	587
Deferred tax asset recognition – share issuance costs	-	-	727	-	-	-	727
Current tax expense recognition – share issuance costs	-	-	446	-	-	-	446
Net loss	-	-	-	-	-	(133,880)	(133,880)
Other comprehensive income	-	-	-	-	-	201,201	201,201
Balance at March 31, 2021	-	142,084,523	\$ 240,874	\$ 17,921	\$ 58,859	\$ (6,194)	\$ 311,460

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2021 AND 2020**

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

1. DESCRIPTION OF BUSINESS

RIV Capital Inc. (formerly Canopy Rivers Inc.) (the "Company" or "RIV Capital") is the parent company of RIV Capital Corporation (formerly Canopy Rivers Corporation) ("RCC"). RIV Capital is a publicly-traded corporation listed on the TSX under the trading symbol "RIV". RIV Capital is a cannabis 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 investments 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 OCBA (as defined herein) 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"). The Qualifying Transaction was completed by way of a "three-cornered" amalgamation pursuant to which CRC PrivateCo and 10859150 Canada Inc. ("SubCo"), a wholly-owned subsidiary of the Company, amalgamated and the resulting entity became a wholly-owned subsidiary of the Company and continued under the name "Canopy Rivers Corporation" ("CRC").

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

Prior to completion of the CGC Transaction (as defined herein), the Company was controlled by Canopy Growth Corporation ("CGC"), a publicly-traded corporation listed on the Toronto Stock Exchange ("TSX") under the trading symbol "WEED" and on the Nasdaq Global Select Market under the trading symbol "CGC". The Company was a venture capital firm specializing in cannabis, identifying strategic counterparties seeking financial and/or operating support, and aiming 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 Business Corporations Act (Ontario) (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". Please refer to Note 5 for further details on the CGC Transaction.

2. BASIS OF PRESENTATION**(a) Statement of compliance**

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

The consolidated financial statements were authorized for issue by the Company's Board of Directors (the "Board") on June 2, 2021.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2021 AND 2020**

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

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

(b) Basis of measurement

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Please refer to Notes 10, 11, and 16 for fair value considerations.

(c) Basis of preparation

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

(d) Principles of consolidation

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

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

As at March 31, 2021, the Company controlled the following legal entities:

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

The Company does not control any of its other investees.

3. SIGNIFICANT ACCOUNTING POLICIES**(a) Cash and cash equivalents**

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

(b) Financial instruments

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2021 AND 2020**

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

Financial assets are derecognized when the contractual rights to the cash flow from the financial asset expire or when the Company transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risk and rewards of ownership are transferred. On derecognition of a financial asset, the difference between the carrying amount of the asset and the total consideration received is recognized in the statement of comprehensive income (loss).

Financial liabilities are derecognized when obligations under the contract expire, are discharged, or are cancelled. On derecognition of a financial liability, any gain or loss on extinguishment is recognized in the statement of comprehensive income (loss).

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

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

Financial assets

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

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

Classification of financial assets

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

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

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

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

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

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

- The Company may designate an equity investment that would otherwise be classified as FVTPL and that is neither held for trading nor a contingent consideration arising from a business combination to be classified as FVTOCI. Please refer to Note 11 for the investments in equity instruments where the Company has made this designation/election.
- The Company may designate debt instruments that meet either the amortized cost criteria or the FVTOCI criteria to be classified as FVTPL if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Company has not designated any debt instruments as FVTPL.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2021 AND 2020**

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

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

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

Financial assets and liabilities at amortized cost

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

Financial assets at FVTPL

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss is included in the "Net changes in fair value of financial assets at fair value through profit or loss" line item (Note 10). Income such as dividends and interest earned on FVTPL financial assets is presented and disclosed separately in the consolidated statements of comprehensive income (loss). Fair value is determined in the manner described in Note 16.

Financial assets at FVTOCI

Financial assets at FVTOCI are measured at fair value at the end of each reporting period. Any fair value gains or losses, net of taxes, are recognized in other comprehensive income included in retained earnings to the extent they are not part of a designated hedging relationship. Any dividend income earned on financial assets classified as FVTOCI would be recognized in profit or loss. Fair value is determined in the manner described in Note 16.

Impairment of financial assets

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

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

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

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

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

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

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

Financial liabilities

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

Financial liabilities at amortized cost

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

(c) Investments in associates

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

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

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

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

Upon loss of significant influence over an associate, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant

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influence and the fair value of the retained investment (plus proceeds from disposal, if any) is recognized in profit or loss.

(d) Investment in joint venture

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

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

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

(e) Foreign currency translation

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

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

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

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

(f) Leases

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

Lessee

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

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

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

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

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

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

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

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

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

Lessor

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

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

(g) Income taxes

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

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(Expressed in CDN \$000's except share amounts)**(h) Share-based compensation**

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

(i) Segment information

The Company's chief operating decision maker is represented by key management personnel. For management purposes, during the twelve months ended March 31, 2021, the Company was organized into one main operating segment, which invested in entities in the cannabis space and sought to provide investor returns through dividends, interest, rent, royalties, and capital appreciation. All of the Company's activities and resources were interrelated and allocated collectively to pursue this business purpose. Accordingly, all significant operating decisions were based upon an analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

(j) Earnings per share

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

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

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 consolidated 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.

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.

There are no other new standards, amendments and interpretations that are not yet effective that would be expected to have a material impact on the Company.

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(Expressed in CDN \$000's except share amounts)**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

Fair value measurement and valuation process

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

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

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

Refer to Notes 10, 11, and 16 for additional details on the Company's fair value measurement.

Impairment

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

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

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

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

Share-based compensation

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

Refer to Note 13 for additional details on the Company's measurement of share-based payments.

5. CGC TRANSACTION

On December 21, 2020, the Company, RCC, CGC, and Tweed Tree Lot entered into a definitive arrangement agreement pursuant to which, among other things, the Company agreed to dispose of certain assets held by

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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, all by way of a plan of arrangement under the OBCA. The RCC assets to be disposed of pursuant to the CGC Transaction included the TerrAscend Term Loan (Note 10(l)), TerrAscend Warrants II (Note 10(l)), Exchangeable Shares (Note 11(b)), Tweed Tree Lot royalty interest (Note 10(k)), Vert Mirabel common shares (Note 11(c)), and Vert Mirabel preferred shares (Note 10(d)) (each as defined herein).

In connection with the CGC Transaction, Les Serres Stéphane Bertrand Inc. ("Bertrand") exercised its right of first refusal ("ROFR") to purchase its proportionate interest in the Vert Mirabel common shares held by the Company. Accordingly, RCC sold 117 Vert Mirabel common shares to Bertrand for cash consideration of \$3,398, and sold the TerrAscend Term Loan, TerrAscend Warrants II, Exchangeable Shares, Tweed Tree Lot royalty interest, 143 Vert Mirabel common shares, and Vert Mirabel preferred shares to CGC in exchange for \$115,000 in cash, 3,647,902 common shares of CGC (Note 10(o)), as well as the cancellation of all Multiple Voting Shares and Subordinated Voting Shares held by CGC (Note 13).

During the twelve months ended March 31, 2021, the Company incurred \$6,508 in legal, advisory, and other professional fees related to the CGC Transaction. These fees have been recognized as Restructuring costs in the statement of comprehensive income (loss) (twelve months ended March 31, 2020 – \$nil).

6. PHARMHOUSE

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

a) CCAA Proceedings

During the twelve months ended March 31, 2021, for a variety of reasons, it was determined that the previously anticipated timeline for PharmHouse to generate cash flows from its offtake agreements with CGC and TerrAscend Canada (as defined herein) would not be met, and the ultimate timing and receipt of cash inflows pursuant to these agreements became uncertain. As a result of these factors, as well as broader sector-wide challenges impacting the Canadian cannabis industry (including a slower-than-expected build-up of the market and a general imbalance of supply and demand), PharmHouse did not have sufficient liquidity and capital resources to meet its business objectives and became unable to meet its financial obligations as they became due.

Accordingly, on September 15, 2020, PharmHouse obtained an order (the "Initial Order") from the Ontario Superior Court of Justice (Commercial List) (the "Court") granting PharmHouse creditor protection under the Companies' Creditors Arrangement Act ("CCAA") (the "CCAA Proceedings"). Ernst & Young Inc. was appointed by the Court to act as the Monitor of PharmHouse in the CCAA Proceedings while PharmHouse explored a potential restructuring of its business and operations (the "Restructuring").

On October 29, 2020, PharmHouse received approval from the Court to commence its Sale and Investor Solicitation Process (the "SISP").

On March 3, 2021, as a result of the SISP, PharmHouse entered into a binding asset purchase agreement (the "PharmHouse Asset Purchase Agreement") to sell various operating assets, including its facility and certain equipment located at the facility. The Court approved the PharmHouse Asset Purchase Agreement on March 11, 2021. Please refer to Note 20 for additional details.

b) PharmHouse Recoverability Assessment

As a result of the CCAA Proceedings and the Restructuring, the Company determined that there were indicators that the carrying values of its investments in various PharmHouse-related financial assets may not be recoverable. These investments are described in Notes 6(d), 6(e), and 6(f).

The Company assessed the differences between the carrying values and recoverable amounts for its various PharmHouse-related financial assets by estimating the recoverable amount of PharmHouse en bloc. As at March 31, 2021, the Company estimated the recoverable amount of PharmHouse en bloc using the net proceeds expected to be received pursuant to the PharmHouse Asset Purchase Agreement, as well as the forecasted cash available for distribution upon termination of the CCAA Proceedings, and then compared this total amount to the carrying values of the various PharmHouse-related financial assets held by the Company,

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in sequence based on the priority of claims on PharmHouse's assets (the "PharmHouse Recoverability Assessment").

Based on the foregoing, as at March 31, 2021, the Company estimated the recoverable value of PharmHouse's assets to be approximately \$62,000.

The impact of the PharmHouse Recoverability Assessment on the Company's various PharmHouse-related financial instruments is described in Notes 6(c), 6(d), 6(e), and 6(f). Please refer to Note 16 for additional details on valuation methodology and key inputs and assumptions.

c) 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 are 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"). Accordingly, if PharmHouse is not able to service its obligations pursuant to the PharmHouse Credit Facility, the Company may be required to compensate the lenders for their loss incurred on the PharmHouse Credit Facility. The PharmHouse Credit Agreement also contains other covenants applicable to the Company.

Based on the PharmHouse Recoverability Assessment described in Note 6(b), 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, the Company estimated the provision for expected credit losses on its financial guarantee liability related to the PharmHouse Guarantee, which prior to the CCAA Proceedings had a carrying value of \$nil, to reflect the estimated shortfall between the recoverable amount of PharmHouse en bloc and the Company's exposure to the PharmHouse Credit Facility.

On March 16, 2021, the Company made a payment (the "First Guarantee Payment") of \$25,000. As a result of the First Guarantee Payment, the principal amount outstanding pursuant to the PharmHouse Credit Facility was reduced to \$65,000.

As at March 31, 2021, based upon the estimated recoverable amount of PharmHouse en bloc of \$62,000 and the outstanding principal amount pursuant to the PharmHouse Credit Facility of \$65,000, the Company estimated the carrying value of the PharmHouse Guarantee to be \$3,000 and recognized a financial guarantee liability for this amount on its statement of financial position (March 31, 2020 – \$nil). 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 (represented by the First Guarantee Payment of \$25,000 and the residual estimated carrying value of the PharmHouse Guarantee of \$3,000 as at March 31, 2021) on its statement of comprehensive income (loss) (twelve months ended March 31, 2020 – \$nil).

d) DIP Financing

Pursuant to the Initial Order, as amended and restated on September 28, 2020, the Company entered into an agreement on September 15, 2020, to provide a super-priority, debtor-in-possession ("DIP") interim, non-revolving credit facility up to a maximum amount of \$7,214 (including accrued interest) to PharmHouse (the "DIP Financing") to enable the company to continue its day-to-day operations throughout the anticipated Restructuring. The DIP Financing, which is subordinate to PharmHouse's obligations to the Lenders under the PharmHouse Credit Facility, bears interest at a rate of 8% per annum, calculated and compounded monthly and payable on the maturity date, which was originally the earlier of December 29, 2020, and the date the CCAA Proceedings are terminated.

The Company amended the DIP Financing agreement entered into between the Company and PharmHouse several times between September 24, 2020, and March 11, 2021. As a result of the amendments, dated December 15, 2020, February 5, 2021, and March 11, 2021, the maximum size of the DIP Financing increased from \$7,214, to \$10,740 (including accrued interest), and the maturity date was extended from December 29, 2020 to June 30, 2021.

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The DIP Financing represents a financial asset that is initially measured at fair value and subsequently measured at amortized cost. As at March 31, 2021, the Company had advanced \$10,000 pursuant to the DIP Financing.

Based on the PharmHouse Recoverability Assessment described in Note 6(b), the Company determined the amounts advanced pursuant to the DIP Financing would not be recoverable. Accordingly, for the twelve months ended March 31, 2021, the Company recognized a provision for expected credit losses of \$10,000 (twelve months ended March 31, 2020 – not applicable) and subsequently wrote off the full loan receivable balance related to the DIP Financing. The credit loss of \$10,000 is recognized in the statement of comprehensive income (loss).

e) *Loans receivable*

As at March 31, 2021, the Company had advanced \$40,000 of secured debt financing pursuant to a shareholder loan agreement with PharmHouse (March 31, 2020 – \$40,000). The shareholder loan has a three-year term and an annual interest rate of 12%, with interest calculated monthly (effective as at the date principal is advanced) and payable quarterly upon the achievement of certain sales-related milestones. As a result of the PharmHouse Recoverability Assessment described in Note 6(b), the Company concluded that the amounts advanced pursuant to the shareholder loan agreement would not be recoverable. Accordingly, for the twelve months ended March 31, 2021, the Company recognized a provision for expected credit losses of \$40,000 (twelve months ended March 31, 2020 – \$nil) and subsequently wrote off the full loan receivable balance related to the shareholder loan. The credit loss of \$40,000 is recognized in the statement of comprehensive income (loss).

As at March 31, 2021, the Company had advanced \$2,450 to PharmHouse pursuant to a secured demand promissory note (March 31, 2020 – \$2,450). The secured demand promissory note is non-interest bearing both before and after demand or default. Based on the terms of the secured demand promissory note, the Company had recognized the secured demand promissory note as a financial asset initially recorded at fair value and subsequently measured at amortized cost. As a result of the PharmHouse Recoverability Assessment described in Note 6(b), the Company concluded that the amounts advanced pursuant to the secured demand promissory note would not be recoverable. Accordingly, for the twelve months ended March 31, 2021, the Company recognized a provision for expected credit losses of \$2,450 (twelve months ended March 31, 2020 – \$nil) and subsequently wrote off the full loan receivable balance related to the secured demand promissory note. The credit loss of \$2,450 is recognized in the statement of comprehensive income (loss).

On August 4, 2020, the Company entered into an unsecured demand promissory note agreement with PharmHouse, pursuant to which it made total advances of \$1,206 between August 4, 2020, and September 8, 2020. The unsecured promissory note bears interest at a rate of 12% per annum, calculated and compounded monthly, and is payable on the demand date. Based on the terms of the unsecured demand promissory note, the Company has recognized the instrument as a financial asset initially recorded at fair value and subsequently measured at amortized cost. As a result of the PharmHouse Recoverability Assessment described in Note 6(b), the Company concluded that the amounts advanced pursuant to the unsecured demand promissory note would not be recoverable. Accordingly, for the twelve months ended March 31, 2021, the Company recognized a provision for expected credit losses of \$1,206 (twelve months ended March 31, 2020 – not applicable) and subsequently wrote off the full loan receivable balance related to the unsecured demand promissory note. The credit loss of \$1,206 is recognized in the statement of comprehensive income (loss).

During the three months ended December 31, 2020, the Company determined that, based on the PharmHouse Recoverability Assessment and recent developments, it was no longer appropriate to recognize additional gross interest income across these various PharmHouse-related loan instruments, including the DIP Financing. Prior to that determination, gross interest income relating to these loan instruments of \$2,447 was recognized for the twelve months ended March 31, 2021, on its statement of comprehensive income (loss) (twelve months ended March 31, 2020 – \$4,858). Furthermore, as a result of the PharmHouse Recoverability Assessment described in Note 6(b), the Company concluded that the interest receivable across these loan instruments would not be recoverable. Accordingly, for the twelve months ended March 31, 2021, the Company recorded a provision for expected credit losses of \$8,939 (twelve months ended March 31, 2020 – \$nil) and subsequently wrote off the full interest receivable balance related to these loan instruments. The credit loss of \$8,939 is recognized in the statement of comprehensive income (loss). Accordingly, as at March 31, 2021, the Company had \$nil interest receivable relating to the Company's loans receivable from PharmHouse (March 31, 2020 – \$6,492).

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f) PharmHouse equity

As at March 31, 2021, the Company owned 10,998,660 common shares of PharmHouse (March 31, 2020 – 10,998,660 common shares), representing a 49% equity interest on a non-diluted basis. The Company had not yet received any distributions on account of its common share investment in PharmHouse.

In accordance with IAS 28, *Investments in Associates and Joint Ventures* (“IAS 28”), the Company records its share of income or loss from equity method investees one quarter in arrears, and makes necessary adjustments to account for any significant events or transactions that have occurred since the indicated reporting period end. If the Company's share of losses of a joint venture equals or exceeds the interest in the joint venture, the Company does not provide for additional losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Accordingly, the Company recognized its share of loss from PharmHouse of \$37,025 for the twelve months ended March 31, 2021, on its statement of comprehensive income (loss) (twelve months ended March 31, 2020 – \$2,253). The carrying value of the Company's common equity investment in PharmHouse as at March 31, 2021, was \$nil on its statement of financial position (March 31, 2020 – \$37,026).

g) Restructuring costs

Restructuring costs of \$445 were recognized on the statement of comprehensive income (loss) for the twelve months ended March 31, 2021, relating to legal and consulting fees incurred as a result of the Restructuring (twelve months ended March 31, 2020 – \$nil).

h) Statement of claim

On September 14, 2020, the Company received a statement of claim (the “Original Claim”) filed by the PharmHouse Majority Shareholder concerning certain disputes relating to PharmHouse. The Original Claim made a number of allegations against the Company, CGC, TerrAscend (as defined herein), and TerrAscend Canada, including claims relating to bad faith, fraud, civil conspiracy, breach of the duty of honesty and good faith in contractual relations, and breach of fiduciary duty, and claims relating to PharmHouse's offtake agreements with CGC and TerrAscend Canada.

On October 30, 2020, in connection with the CCAA Proceedings, the Court issued an endorsement pursuant to which the PharmHouse Majority Shareholder discontinued the Original Claim and agreed not to issue a new claim in respect of this matter prior to January 1, 2021. On February 10, 2021, the Company received a revised statement of Claim (the “Revised Claim”) (together with the Original Claim, the “Claims”) filed by the PharmHouse Majority Shareholder. The Revised Claim is substantially similar to the Original Claim.

The Company considers the Revised Claim as it relates to its own actions to be completely without merit and intends to vigorously defend its position at the appropriate time and in the appropriate forum. The Company has not recognized any provision relating to the Revised Claim.

7. BROKERAGE PAYMENTS DEPOSIT

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

Under the terms of the strategic alliance agreement, as amended, the Company had agreed to arrange, on a best-efforts basis, for its licensed producer portfolio companies to enter into brokerage agreements with Kindred. On a quarterly basis and for a specified period, the minimum aggregate brokerage fees that must be paid by the Company's portfolio companies to Kindred was \$750, and the difference, if any, between the actual brokerage fees paid by the Company's portfolio companies to Kindred and the applicable minimum aggregate brokerage fee was payable by the Company to Kindred (the “Brokerage Payments”). In connection with the

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original agreement, the Company provided Kindred with a \$1,000 refundable deposit, to be used to cover any required Brokerage Payments (the "Brokerage Payments Deposit").

On May 5, 2020, the Company and Kindred amended the terms of their strategic alliance agreement. As a result of the agreed-upon revisions, the financial obligations of the Company pursuant to the agreement, which previously covered a two-year period from January 1, 2020, were amended to cover a one-year period from January 1, 2020.

The Company recognized a Brokerage Payment expense of \$2,193 for the twelve months ended March 31, 2021 (twelve months ended March 31, 2020 – \$167). As at March 31, 2021, Brokerage Payment expense of \$1,000 had been applied against the \$1,000 Brokerage Payments Deposit, and an additional shortfall amounts of \$1,360 had been paid to Kindred. As at March 31, 2021, the Company's obligations to Kindred had ended.

8. 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.

	As at March 31, 2021	As at March 31, 2020
Non-current finance lease receivable	\$ 2,870	\$ 2,772
Total	\$ 2,870	\$ 2,772

Scheduled collections of minimum monthly lease payments based on the contractual terms as at March 31, 2021, and March 31, 2020, are presented in the table below:

	As at March 31, 2021		As at March 31, 2020	
	Minimum Lease Payments	Applied to Principal	Minimum Lease Payments	Applied to Principal
No later than one year	\$ 563	\$ (123)	\$ 563	\$ (97)
Between one year and five years	2,660	(282)	2,543	(328)
Later than five years	9,589	3,275	10,269	3,197
	\$ 12,812	\$ 2,870	\$ 13,375	\$ 2,772
Less: Unearned finance income	(9,942)	-	(10,603)	-
Present value of minimum lease payments	\$ 2,870	\$ 2,870	\$ 2,772	\$ 2,772
Allowance for uncollectible lease payments	-	-	-	-
	\$ 2,870	\$ 2,870	\$ 2,772	\$ 2,772

The unguaranteed residual value of the building under lease is estimated to be \$2,609 (March 31, 2020 – \$2,609). The interest rate inherent in the lease is fixed at the contract date for the entire lease term at a rate of approximately 23.4%.

Income on finance lease receivable of \$677 (inclusive of management fee income) was recognized for twelve months ended March 31, 2021 (twelve months ended March 31, 2020 – \$657). The finance lease receivable as at March 31, 2021, and March 31, 2020, was neither past due nor impaired.

On December 9, 2020, CGC announced plans to cease its ongoing operating activities at the facility. As at March 31, 2021, there had been no amendments to the lease agreement between the Company and the Tweed Tree Lot.

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9. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE

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

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

Name and Classification of Associate or Joint Venture	Intended Principal Activity	Nature of Investment	Place of Principal Business	Method of Accounting	Note	March 31, 2021 Ownership Interest (Non-Diluted)
Radicle (Associate)	Vertically-integrated cannabis operations	Common shares	Canada	Equity method	9(a)	25% ⁽ⁱ⁾
		Royalty interest		FVTPL	10(c)	
		Convertible debenture		FVTPL	10(c)	
		Warrants		FVTPL	10(c)	
Civilized (Associate)	Media company and lifestyle brand	Convertible debenture	Canada	FVTPL	9(b) 10(e)	0% ⁽ⁱⁱ⁾
		Warrants		FVTPL	10(e)	
PharmHouse (Joint Venture)	Vertically-integrated cannabis operations	DIP Financing	Canada	Amortized cost	6(d)	49% ⁽ⁱⁱⁱ⁾
		Shareholder loan		Amortized cost	6(e)	
		Secured promissory note		Amortized cost	6(e)	
		Unsecured promissory note		Amortized cost	6(e)	
		Common shares		Equity method	6(f)	
Greenhouse Juice (Associate)	Plant-based beverage production and distribution	Preferred shares	Canada	Equity method	9(d)	13% ^(iv)
		Convertible debenture		FVTPL	9(d)10(g)	
		Warrants		FVTPL	10(g)	
Herbert (Associate)	Beverage production and distribution	Preferred shares	Canada	Equity method	9(e)	27% ^(v)
		Warrant		FVTPL	10(h)	
LeafLink Intl. (Associate)	B2B supply chain and marketplace technology platform	Common shares	Canada	Equity method	9(f)	17% ^(vi)
High Beauty (Associate)	Cannabis beauty brands production and distribution	Preferred shares	United States	Equity method	9(g)	20% ^(vii)
		Convertible promissory note		FVTPL	10(i)	
		Warrants		FVTPL	10(i)	

(i) The Company owns 25% of the equity of Radicle on a fully diluted basis and has the right to designate 20% of the director nominees.

(ii) As at March 31, 2021, the Company did not hold any voting shares in Civilized. The Company has provided debt financing in the form of a convertible debenture and holds warrants in Civilized that together, if exercised, represent approximately 26% of the equity of Civilized on a fully diluted basis. Additionally, the Company has the right to designate 20% of the director nominees.

(iii) The Company owns 49% of the equity of PharmHouse on a fully diluted basis and has the right to designate 40% of the director nominees. Please refer to Note 6 for additional details regarding the Company's investment in PharmHouse.

(iv) The Company owns 28% 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.

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

(vi) 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.

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- (vii) The Company owns 19% of the equity of High Beauty on a fully diluted basis and has the right to designate 20% of the director nominees.

As identified above, only certain investments in associates are accounted for using the equity method. The following tables outline changes in the Company's equity method investees for the twelve months ended March 31, 2021, and 2020.

Entity	Balance at April 1, 2020	Additions ⁽¹⁾	Share of income / (loss)	Proceeds of disposition	Gain / (loss) on disposition	FX gain / (loss)	Balance at March 31, 2021
Radicle ⁽²⁾	\$ 1,937	\$ -	\$ 997	\$ -	\$ -	\$ -	\$ 2,934
PharmHouse ⁽³⁾	37,025	-	(37,025)	-	-	-	-
Canapar	8,500	-	(962)	(8,000)	462	-	-
Herbert	100	-	(100)	-	-	-	-
LeafLink Intl.	2,481	-	(188)	-	-	-	2,293
High Beauty	500	-	(478)	-	-	(22)	-
Greenhouse Juice	-	2,300	(161)	-	-	-	2,139
Total	\$ 50,543	\$ 2,300	\$ (37,917)	\$ (8,000)	\$ 462	\$ (22)	\$ 7,366

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

⁽²⁾ The Company's share of income relating to its investment in Radicle noted above includes an adjustment of \$1,346 related to Radicle'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 based on the PharmHouse Recoverability Assessment described in Note 6(b).

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

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

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As at and for the twelve months ended March 31, 2021

Entity ⁽¹⁾⁽²⁾	Applicable reporting period	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Income / (loss)
Radicle	Dec. 31, 2020	\$ 8,016	\$ 8,379	\$ 2,629	\$ 10,469	\$ 6,927	\$ (1,683)
LeafLink Intl.	Dec. 31, 2020	2,222	11,880	327	-	17	(1,149)
High Beauty	Dec. 31, 2020	1,082	137	774	4,537	974	(3,546)
Greenhouse Juice	Dec. 31, 2020	1,906	9,850	4,161	17,435	2,683	(1,480)

(1) The table above does not reflect the financial position and operating results of PharmHouse. Please refer to Note 6 for additional details regarding material events that occurred at PharmHouse during the twelve months ended March 31, 2021.

(2) The table above does not reflect the financial position and operating results of Herbert. The financial position and operating results of Herbert are not material to the Company.

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

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

The Company assessed its investments in associates and joint venture for indicators of impairment as at March 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 or joint venture is assessed for impairment after first applying the equity method.

The Company concluded that no impairment charges were to be recognized for the twelve months ended March 31, 2021 (twelve months ended March 31, 2020 – \$11,162).

INVESTMENTS HELD AS AT MARCH 31, 2020
a) Radicle

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

As at March 31, 2021, the Company owned 17,588,424 common shares of Radicle (March 31, 2020 – 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 Radicle. The Company had also advanced \$1,000 to Radicle pursuant to a convertible debenture and owned common share purchase warrants. Together, the Company's investments represented a 25% equity interest in Radicle on a fully diluted basis as at March 31, 2021.

The convertible debenture and warrants are accounted for at FVTPL. Please refer to Note 10(c) for additional details on the Company's investment in Radicle.

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b) *Civilized*

Civilized Worldwide Inc. ("Civilized") is a modern media company and lifestyle brand focused on elevating cannabis culture. As at March 31, 2021, the operating activities of Civilized were limited and the company was reassessing its business plan.

As at March 31, 2021, the Company had advanced \$5,120 to Civilized pursuant to a convertible debenture agreement (March 31, 2020 – \$5,120), which was convertible into 467,580 class A common shares of Civilized (March 31, 2020 – 467,580 class A common shares). The Company also held common share purchase warrants in Civilized. Together, the Company's investments represented a 26% equity interest in Civilized on a fully diluted basis as at March 31, 2021.

The convertible debenture and warrants are accounted for at FVTPL. Please refer to Note 10(e) for additional details on the Company's investment in Civilized.

c) *Canapar*

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

On December 30, 2020, the Company entered into a definitive agreement with RAMM Pharma Corp. ("RAMM"), pursuant to which the Company sold its common shares in Canapar to RAMM for consideration of up to \$9,000. Under the terms of the agreement, RAMM delivered a cash payment of \$7,000 to the Company on closing to purchase the 29,833,333 common shares in Canapar held by the Company. The transaction also included contingent consideration of \$2,000 payable to the Company upon the achievement by Canapar of certain operational milestones. The contingent portion of the consideration will be satisfied, at RAMM's sole discretion, in either cash or through the issuance of common shares in RAMM to the Company. In connection with the Canapar sale transaction, the Company also transferred a call option to purchase 100% of Canapar's interest in its investees to RAMM. No consideration was received for the transfer of the call option.

The contingent consideration is a financial asset initially measured at fair value and subsequently measured at FVTPL. Please refer to Note 10(f) for additional details on the Company's investment in Canapar.

d) *Greenhouse Juice Company*

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

As at March 31, 2021, the Company had advanced \$6,000 to Greenhouse Juice pursuant to a secured convertible debenture agreement (March 31, 2020 – \$6,000) and \$3,000 to Greenhouse Juice pursuant to an unsecured convertible debenture agreement (March 31, 2020 – \$3,000), and owned preferred share purchase warrants. The Company also owned an additional control warrant that, if exercised, would increase its ownership interest in Greenhouse Juice to 51%.

On April 30, 2020, and August 16, 2020, the Company and Greenhouse Juice amended select terms of the unsecured convertible debenture agreement. As a result of the agreed-upon amendments, the date upon which the outstanding principal converted into common shares was extended from April 30, 2020, to October 1, 2020.

On October 1, 2020, the principal amount of \$3,000 that the Company had advanced to Greenhouse Juice pursuant to the unsecured convertible debenture agreement, which represented a financial asset that was initially measured at fair value and subsequently measured at FVTPL, converted into 1,981,248 preferred shares of Greenhouse Juice.

On January 13, 2021, the Company and Greenhouse Juice amended the terms of the preferred share purchase warrant certificate, which had included mandatory exercise provisions upon the achievement of certain revenue targets by Greenhouse Juice. As a result of the agreed-upon amendments, the face value of the warrants was reduced from \$3,000 to \$2,000, the exercise price was reduced, and 50% of the warrants were required to be exercised by a certain date irrespective of the achievement of certain revenue targets.

In accordance with these revised terms, on February 17, 2021, the Company exercised 924,582 preferred share purchase warrants of Greenhouse Juice for an aggregate purchase price of \$1,000.

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Accordingly, as at March 31, 2021, the Company owned 2,905,830 preferred shares of Greenhouse Juice (March 31, 2020 – nil), representing a 13% equity interest on a non-diluted basis. The Company's investment in Greenhouse Juice preferred shares is accounted for under the equity method. The Company had not yet received any distributions on account of its preferred share investment in Greenhouse Juice.

The secured convertible debenture and warrants are accounted for at FVTPL. Please refer to Note 10(g) for additional details on the Company's investment in Greenhouse Juice.

e) Herbert

Herbert Works, legally 10663522 Canada Inc. ("Herbert"), is an early-stage beverage brand platform. The company is licensed to conduct research and development activities under the Cannabis Act. As at March 31, 2021, the operating activities of Herbert were limited and the company was reassessing its business plan.

As at March 31, 2021, the Company owned 4,074,074 preferred shares of Herbert (March 31, 2020 – 4,074,074), representing a 27% equity interest on a non-diluted basis. The Company had not yet received any distributions on account of its preferred share investment in Herbert. The Company also owned a warrant that, if exercised, would increase its ownership interest in Herbert to 51%.

As at June 30, 2020, as a result of previously-recognized impairment charges and cumulative net losses, the carrying value of the Company's investment in Herbert preferred shares had been reduced to \$nil.

The warrant is accounted for at FVTPL. Please refer to Note 10(h) for additional details on the Company's investment in Herbert.

f) LeafLink Intl.

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

As at March 31, 2021, the Company owned 2,000,000 common shares of LeafLink Intl. (March 31, 2020 – 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.

g) 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 March 31, 2021, the Company owned 2,500,000 preferred shares of High Beauty (March 31, 2020 – 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 19% equity interest in High Beauty on a fully diluted basis as at March 31, 2021.

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

The convertible promissory note and warrants are accounted for at FVTPL. Please refer to Note 10(i) for additional details on the Company's investment in High Beauty.

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10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

Twelve months ended March 31, 2021									
Entity ⁽¹⁾	Instrument	Note	Balance at Apr. 1, 2020	Addi- tions ⁽²⁾	Net change in fair value	Conver- sions / disposi- tions	Balance at Mar. 31, 2021	Dividend / interest / royalty income	Dividend / interest / royalty receiv- able ⁽³⁾
Agripharm	Royalty interest	10(a)	\$ 12,600	\$ -	\$ (7,500)	\$ -	\$ 5,100	\$ 3,966	\$ 1,890
Radicle	Royalty interest	10(c)	4,000	-	-	-	4,000	856	545
Radicle	Convertible debenture	10(c)	880	-	(40)	-	840	120	90
Radicle	Warrants	10(c)	50	-	(10)	-	40	-	-
Vert Mirabel	Preferred shares	10(d)	20,000	-	2,450	(22,450)	-	-	-
Civilized	Convertible debenture	10(e)	2,100	-	(2,100)	-	-	-	-
Canapar	Call option	10(f)	1,100	-	(1,100)	-	-	-	-
Canapar	Contingent consideration	10(f)	-	1,000	-	-	1,000	-	-
Greenhouse Juice	Secured convertible debenture	10(g)	7,500	-	(1,900)	-	5,600	868	1,612
Greenhouse Juice	Unsecured convertible debenture	10(g)	3,000	-	(1,700)	(1,300)	-	-	-
Greenhouse Juice	Warrants	10(g)	390	-	(370)	-	20	-	-
High Beauty	Convertible promissory note	10(i)	850	-	120	-	970	-	-
High Beauty	Warrants	10(i)	90	-	(90)	-	-	-	-
BioLumic	Convertible promissory note	10(j)	2,400	-	(261)	(2,139)	-	-	-
BioLumic	Second convertible promissory note	10(j)	-	668	(18)	-	650	-	-
Tweed Tree Lot	Royalty interest	10(k)	15,100	-	(100)	(15,000)	-	3,895	-
TerrAscend Canada	Term Loan	10(l)	10,000	-	7,590	(17,590)	-	601	-
TerrAscend	Warrants II	10(l)	110	-	485	(595)	-	-	-
Dynaleo	Convertible debenture	10(m)	-	1,613	452	(2,065)	-	-	-
Dynaleo	Warrants	10(m)	-	387	423	-	810	-	-
Headset	Convertible promissory note	10(n)	-	1,080	20	-	1,100	-	-
CGC	Common shares	10(o)	-	159,997	(12,795)	(3,302)	143,900	-	-
Total			\$ 80,170	\$ 164,745	\$ (16,444)	\$ (64,441)	\$ 164,030	\$ 10,306	\$ 4,137

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- (1) As at March 31, 2021, the Company also owned common share purchase warrants of Civilized and a control warrant in Herbert, 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 for the twelve months ended March 31, 2021, include the fair value of the non-cash contingent consideration related to the disposition of the Company's investment in Canapar. Please refer to Note 10(f) for additional information.
- (3) Presented net of provisions for expected credit losses.

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

⁽¹⁾ Presented net of provisions for expected credit losses.

Included in interest and royalty receivable on the consolidated statement of financial position as at March 31, 2021, is \$83 relating to the Company's interest receivable from cash deposits held.

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INVESTMENTS HELD AS AT MARCH 31, 2020**a) Agripharm**

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

As at March 31, 2021, the Company had advanced \$20,000 to Agripharm that was subject to a royalty agreement (March 31, 2020 – \$20,000). Under the terms of the royalty agreement, the Company is 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 that is subject to the royalty agreement.

The royalty interest is measured at FVTPL based upon estimated future cash flows to be received under the royalty agreement discounted to present value at a market rate of interest. During the twelve months ended March 31, 2021, the Company determined that there was a significant risk that Agripharm would not be able to meet its financial obligations pursuant to the royalty agreement based on underlying business conditions, including the payment of the outstanding overdue royalty balance owing to the Company as at March 31, 2021, of \$5,669 and future minimum annual payments of \$4,000. Accordingly, the Company recognized a provision for expected credit losses on the royalty receivable of \$3,672 on its statement of comprehensive income (loss) for the twelve months ended March 31, 2021 (twelve months ended March 31, 2020 – \$107) and adjusted the cash flow assumptions used in its fair value estimate for the royalty interest to reflect revised projections of royalty payments based on discussions with Agripharm. The Company has also considered the recoverable amount of Agripharm's assets in its fair value measurement of the royalty interest due to the nature of its underlying security interest. Please refer to Note 16 for additional details on valuation methodology and key inputs and assumptions.

On November 15, 2020, the Company's warrant to acquire 4% of Agripharm for \$5,000 expired. The warrant represented a derivative financial instrument that was initially measured at fair value and subsequently measured at FVTPL.

b) JWC

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

On April 1, 2020, the Court issued an initial order under the CCAA in order to restructure JWC's business and financial affairs and subsequently approved a sales and investor solicitation process that was carried out under the supervision of a Court-approved monitor. In connection with JWC's CCAA proceedings, the royalty agreement between the Company and JWC was terminated on May 8, 2020. On May 19, 2020, JWC announced the conclusion of its sales and investor solicitation process and that Trichome Financial Corp. ("Trichome") emerged as the successful bidder. On June 2, 2020, the Court approved the sale of substantially all of JWC's assets to an affiliate of Trichome and on September 1, 2020, Trichome completed the acquisition of JWC's assets.

As a result of JWC's CCAA proceedings, the fair values of the Company's previous investments in 16,241,819 JWC common shares, which were initially accounted for at fair value and subsequently at FVTOCI, as well as 2,190,476 JWC common share purchase warrants, which represented a derivative financial instrument that was initially measured at fair value and subsequently measured at FVTPL, were reduced to \$nil. Please refer to Note 11(a) for additional details on the Company's investment in JWC, and Note 16 for additional details on valuation methodology and key inputs and assumptions.

c) Radicle

As at March 31, 2021, the Company had advanced \$5,000 to a wholly-owned subsidiary of Radicle pursuant to a royalty agreement (March 31, 2020 – \$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.

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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. Please refer to Note 16 for additional details on valuation methodology and key inputs and assumptions.

As described in Note 9(a), as at March 31, 2021, the Company had also advanced \$1,000 to Radicle pursuant to a convertible debenture agreement (March 31, 2020 – \$1,000) and owned 266,667 common share purchase warrants (March 31, 2020 – 266,667). The convertible debenture represents a financial asset that is initially measured at fair value and is subsequently measured at FVTPL, while the attached warrants represent a derivative financial instrument that is also initially measured at fair value and subsequently measured at FVTPL. Please refer to Note 16 for additional details on valuation methodology and key inputs and assumptions.

d) *Vert Mirabel*

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

The Company had previously subscribed for 15,000,000 class A preferred shares of Vert Mirabel at \$1.00 per share. The Company’s preferred share investment in Vert Mirabel was classified as a financial asset that was initially measured at fair value and subsequently measured at FVTPL .

As described in Note 5, pursuant to the CGC Transaction, CGC delivered a cash payment of \$22,450 to the Company on closing in exchange for the 15,000,000 class A preferred shares of Vert Mirabel held by the Company. Accordingly, as at March 31, 2021, the Company did not own any preferred shares of Vert Mirabel.

In connection with the CGC Transaction, the Company also sold its investment in Vert Mirabel common shares. On initial recognition, the Company had elected to account for its investment in the common shares of Vert Mirabel initially at fair value and subsequently at FVTOCI. Please refer to Note 11(c) for additional details on the Company’s investment in Vert Mirabel common shares.

e) *Civilized*

As described in Note 9(b), as at March 31, 2021, the Company had advanced \$5,120 to Civilized pursuant to a convertible debenture agreement (March 31, 2020 – \$5,120). The Company also owned 221,239 common share purchase warrants of Civilized (March 31, 2020 – 221,239).

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 is subsequently measured at FVTPL. As at March 31, 2021, both the convertible debenture and warrants were estimated to have a nominal value (March 31, 2020 – \$2,100 for the convertible debenture and \$nil for the warrants).

f) *Canapar*

In connection with the Company’s initial investment in Canapar, the Company received a call option to purchase 100% of Canapar’s interest in its investees. As described in Note 9(c), on December 30, 2020, the Company entered into a definitive share purchase agreement with RAMM pursuant to which the Company sold its 49% common equity interest in Canapar to RAMM for consideration of up to \$9,000. Under the terms of the agreement, the Company transferred the rights of the call option to RAMM. No consideration was received for the transfer of the call option. The call option represented a derivative financial instrument that was initially measured at fair value and subsequently measured at FVTPL.

Also as described in Note 9(c), the definitive agreement included contingent consideration of \$2,000 to be paid to the Company in either cash or RAMM shares upon the achievement by Canapar of certain operational milestones. This contingent consideration represents a financial asset that is initially measured at fair value and is subsequently measured at FVTPL. Please refer to Note 16 for additional details on valuation methodology and key inputs and assumptions.

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g) Greenhouse Juice

As described in Note 9(d), as at March 31, 2021, the Company had advanced \$6,000 to Greenhouse Juice pursuant to a secured convertible debenture agreement (March 31, 2020 – \$6,000). The Company also owned 924,582 preferred share purchase warrants in Greenhouse Juice with a face value of \$1,000, which the Company is required to exercise if certain revenue targets are achieved (March 31, 2020 – 1,386,874), as well as an additional warrant that, if exercised, would increase its ownership interest in Greenhouse Juice to 51% (the 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 preferred share purchase warrants and control warrant represent derivative financial instruments that are also initially measured at fair value and are subsequently measured at FVTPL. Please refer to Note 16 for additional details on valuation methodology and key inputs and assumptions.

As described in Note 9(d), on October 1, 2020, the principal amount of \$3,000 that the Company had advanced to Greenhouse Juice pursuant to the unsecured convertible debenture agreement, which represented a financial asset that was initially measured at fair value and subsequently measured at FVTPL, converted into 1,981,248 preferred shares of Greenhouse Juice, which is accounted for under the equity method.

h) Herbert

As described in Note 9(e), as at March 31, 2021, the Company owned a warrant that, if exercised, would increase its ownership interest in Herbert to 51%.

The control warrant represents a derivative financial instrument that is initially measured at fair value and is subsequently measured at FVTPL. As at March 31, 2021, the fair value of the control warrant was estimated to have a nominal value (March 31, 2020 – nominal).

i) High Beauty

As described in Note 9(g), as at March 31, 2021, the Company had advanced \$1,009 (U.S. \$750) to High Beauty pursuant to a senior secured convertible promissory note (March 31, 2020 – \$1,009 (U.S. \$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. Please refer to Note 16 for additional details on valuation methodology and key inputs and assumptions.

j) BioLumic

BioLumic Ltd. (“BioLumic”) is an agricultural technology company based out of New Zealand that has created a sustainable ultraviolet (“UV”) light crop yield enhancement technology, 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.

On August 13, 2020, the principal amount of \$2,024 (U.S. \$1,500) that the Company had advanced to BioLumic pursuant to a convertible promissory note agreement, which represented a financial asset that was initially measured at fair value and subsequently measured at FVTPL, converted into 381,590 preferred shares of BioLumic. On initial recognition, the Company elected to account for its investment in the preferred shares of BioLumic initially at fair value and subsequently at FVTOCI. Please refer to Notes 11(h) and 16 for additional details on valuation methodology and key inputs and assumptions.

Additionally, on August 13, 2020, the Company advanced \$668 (U.S. \$500) to BioLumic pursuant to a second convertible promissory note agreement. This second convertible promissory note bears interest at a rate of 6%, per annum, compounded annually, and is convertible into preferred equity of BioLumic at maturity. This note matures on August 13, 2022. In the event of a certain qualified financing achievement before the maturity date, the outstanding principal amount and any accrued interest shall automatically convert in whole into outstanding preferred shares of BioLumic following the qualified financing. Together with the Company's preferred shares

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received following the conversion of the first convertible promissory note, the Company's investments represented an 11% equity interest in BioLumic on a fully diluted basis as at March 31, 2021.

The second convertible promissory note represents a financial asset that is initially measured at fair value and is subsequently measured at FVTPL. Please refer to Note 16 for additional details on valuation methodology and key inputs and assumptions.

k) Tweed Tree Lot

The Company had previously advanced \$13,500 to Tweed Tree Lot that was subject to a royalty agreement. Under the terms of the royalty agreement, the Company was intended to receive a royalty per gram of cannabis produced by Tweed Tree Lot for a term of 25 years, subject to a minimum annual payment of \$2,853. The royalty interest was classified as a financial asset that was initially measured at fair value and subsequently measured at FVTPL.

As described in Note 5, pursuant to the CGC Transaction, CGC delivered a cash payment of \$15,000 to the Company on closing to terminate the Tweed Tree Lot royalty agreement.

l) TerrAscend Canada

TerrAscend Canada Inc. ("TerrAscend Canada") is a wholly-owned subsidiary of TerrAscend Corp. (described in Note 11(b)). TerrAscend Canada is licensed to cultivate, process, and sell cannabis, cannabis oils, and cannabis edibles, extracts, and topicals under the Cannabis Act.

The Company had previously advanced \$13,243 (U.S. \$10,000) to TerrAscend Canada pursuant to a term loan (March 31, 2020 – \$13,243 (U.S. \$10,000)) and owned two sets of common share purchase warrants in TerrAscend. The first set of common share purchase warrants ("TerrAscend Warrants I") were exercisable into 2,225,714 common shares of TerrAscend and the second set of common share purchase warrants ("TerrAscend Warrants II") were exercisable into 333,723 common shares of TerrAscend. The TerrAscend Warrants I and TerrAscend Warrants II were only exercisable following changes in applicable federal laws in the U.S. relating to cannabis and/or changes in the policies of the stock exchange(s) that are applicable to the Company with respect to cannabis-related activities (the "TerrAscend Triggering Event").

The term loan and TerrAscend Warrants I (herein collectively referred to as the "Term Loan") were entered into in contemplation of each other and determined to be linked transactions, as the exercise price of the TerrAscend Warrants I may be applied against the settlement of the term loan. As the transactions were linked, they were treated as a combined instrument for the purpose of classification and measurement under IFRS 9. The Term Loan represented a financial asset that was initially measured at fair value and was subsequently measured at FVTPL, while the TerrAscend Warrants II represented a derivative financial instrument that was also initially measured at fair value and subsequently measured at FVTPL.

As described in Note 5, pursuant to the CGC Transaction, CGC delivered a cash payment of \$13,243 and issued 112,680 common shares of CGC to the Company on closing in exchange for the Term Loan (including both the TerrAscend Canada term loan and TerrAscend Warrants I) and TerrAscend Warrants II held by the Company. Accordingly, as at March 31, 2021, the Company did not own any financial assets in TerrAscend or TerrAscend Canada. Please see Note 11(b) for additional details.

NEW INVESTMENTS DURING THE TWELVE MONTHS ENDED MARCH 31, 2021**m) 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.

On April 6, 2020, the Company invested \$2,000 in Dynaleo pursuant to an unsecured convertible debenture agreement. The debenture bore interest at a rate of 8% per annum, calculated and compounded monthly and payable at maturity. The debenture was convertible, upon the occurrence of certain events, into common shares

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of Dynaleo. The Company was also issued 1,000,000 common share purchase warrants with an exercise price of \$1.4245 per common share.

On August 31, 2020, the principal amount of \$2,000 that the Company had advanced to Dynaleo pursuant to the convertible debenture agreement converted into 1,499,569 common shares of Dynaleo. 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 Notes 11(i) and 16 for additional details on valuation methodology and key inputs and assumptions.

The warrants represent a derivative financial instrument that is initially measured at fair value and subsequently measured at FVTPL. Upon initial recognition, the total cost of the investment in Dynaleo of \$2,000 was bifurcated between the convertible debenture and the warrants based on the relative fair value approach, using the Black Scholes option pricing model to value the warrants. Please refer to Note 16 for additional details on valuation methodology and key inputs and assumptions.

n) 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 August 10, 2020, the Company advanced \$1,080 (U.S. \$800) to Headset pursuant to a convertible promissory note agreement. The convertible promissory note bears interest at a rate of 8% per annum, is compounded annually, and is convertible into common equity of Headset at maturity. The note matures on December 31, 2021. In the event of a certain qualified financing achievement before the maturity date, the outstanding principal amount and any accrued interest shall automatically convert in whole into outstanding preferred shares of Headset following the qualified financing. Together with the preferred shares (described below), the Company's investments represented an 8% equity interest in Headset on a fully diluted basis as at March 31, 2021.

The convertible promissory note represents a financial asset that is initially measured at fair value and is subsequently measured at FVTPL. Please refer to Note 16 for additional details on valuation methodology and key inputs and assumptions.

As at March 31, 2021, the Company also owned 1,572,588 preferred shares of Headset (March 31, 2020 – 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 Notes 11(f) and 16 for additional details on valuation methodology and key inputs and assumptions.

o) CGC

As described in Note 5, pursuant to the CGC Transaction, CGC issued 3,647,902 common shares of CGC to the Company on closing in exchange for the TerrAscend Warrants I and TerrAscend Warrants II (Note 10(I)), Exchangeable Shares (Note 11(b)), and Vert Mirabel common shares (Note 11(c)). On initial recognition, the Company accounted for its investment in the common shares of CGC at fair value and subsequently at FVTPL.

Subsequent to the closing of the CGC Transaction and during the twelve months ended March 31, 2021, the Company sold 82,500 common shares of CGC at an average price of \$40.03 per share for aggregate net proceeds of \$3,300 (twelve months ended March 31, 2020 – not applicable). As at March 31, 2021, the Company owned 3,565,402 common shares of CGC (March 31, 2020 – not applicable), representing a less than 1% equity interest on a fully diluted basis. Please refer to Note 16 for additional details on valuation methodology and key inputs and assumptions and Note 20 for additional details on the Company's investment in common shares of CGC.

11. 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

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measurement is determined in the manner described in Note 16. Please refer below for additional details on these investments.

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

Twelve months ended March 31, 2021							
Entity	Instrument	Note	Balance at Apr. 1, 2020	Additions	Net change in fair value	Dispositions	Balance at Mar. 31, 2021
JWC	Common shares	11(a)	\$ 976	\$ -	\$ (976)	\$ -	\$ -
TerrAscend	Exchangeable Shares	11(b)	23,500	-	247,912	(271,412)	-
Vert Mirabel	Common shares	11(c)	19,900	-	(11,029)	(8,871)	-
Nova Cannabis	Common shares	11(e)	1,523	-	195	-	1,718
Headset	Preferred shares	11(f)	4,500	-	(500)	-	4,000
ZeaKal	Preferred shares	11(g)	14,200	-	(1,600)	-	12,600
BioLumic	Preferred shares	11(h)	-	2,139	(139)	-	2,000
Dynaleo	Common shares	11(i)	-	2,065	835	-	2,900
Total			\$ 64,599	\$ 4,204	\$ 234,698	\$ (280,283)	\$ 23,218
Twelve months ended March 31, 2020							
Entity	Instrument	Note	Balance at Apr. 1, 2019	Additions	Net change in fair value	Dispositions	Balance at Mar. 31, 2020
JWC	Common shares	11(a)	\$ 12,389	\$ 1,390	\$ (12,803)	\$ -	\$ 976
TerrAscend	Exchangeable Shares	11(b)	80,000	-	(56,500)	-	23,500
Vert Mirabel	Common shares	11(c)	34,486	-	(14,586)	-	19,900
Eureka	Common shares	11(d)	2,170	-	(2,020)	(150)	-
Nova Cannabis	Common shares	11(e)	4,244	-	(2,721)	-	1,523
Headset	Preferred shares	11(f)	4,009	194	297	-	4,500
ZeaKal	Preferred shares	11(g)	-	13,487	713	-	14,200
Total			\$ 137,298	\$ 15,071	\$ (87,620)	\$ (150)	\$ 64,599

INVESTMENTS HELD AS AT MARCH 31, 2020
(a) JWC

As described in Note 10(b), as at March 31, 2021, as a result of JWC's CCAA proceedings, the fair value of the Company's previous investment in 16,241,819 JWC common shares was reduced to \$nil.

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(b) TerrAscend

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

The Company had previously owned 19,445,285 conditionally exchangeable shares in the capital of TerrAscend (the "Exchangeable Shares") (March 31, 2020 – 19,445,285). The Exchangeable Shares would only become convertible into common shares of TerrAscend following the TerrAscend Triggering Event. The Exchangeable Shares were not transferable or monetizable until exchanged into common shares. Holders of the Exchangeable Shares were not entitled to voting rights, dividends, or other rights upon dissolution of TerrAscend. The Exchangeable Shares were not tradeable and hold no economic rights other than the possible opportunity to exchange such shares for common shares in TerrAscend at a future date upon the occurrence of certain events.

As described in Note 5, pursuant to the CGC Transaction, CGC delivered a cash payment of \$64,307, and issued 3,410,437 common shares of CGC and a promissory note in the amount of \$57,523 (the "CGC Note") to the Company on closing, in exchange for the Exchangeable Shares held by the Company. Accordingly, as at March 31, 2021, the Company did not own any Exchangeable Shares. Please refer to Note 13(a) for additional details on the CGC Note.

(c) Vert Mirabel

The Company had previously owned 260 common shares of Vert Mirabel, representing a 26% common equity interest.

As described in Note 5, pursuant to the CGC Transaction, CGC delivered a nominal cash payment and issued 124,785 common shares of CGC to the Company on closing in exchange for 143 of the 260 Vert Mirabel common shares held by the Company. In connection with the CGC Transaction, and pursuant to its ROFR rights in respect of the subject shares, Bertrand also delivered a cash payment of \$3,398 to the Company in exchange for the other 117 Vert Mirabel common shares held by the Company. Accordingly, as at March 31, 2021, the Company did not own any Vert Mirabel common shares.

(d) Eureka

Eureka 93 Inc. ("Eureka"), formerly LiveWell Canada Inc. ("LiveWell"), was a publicly-traded company licensed to cultivate cannabis under the Cannabis Act. On September 29, 2020, the common shares of Eureka were delisted from the CSE, and the Company's investment in Eureka 93 common shares was deemed to be worth \$nil.

(e) 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 is a large and fast growing cannabis retailer in Canada that operates 53 locations across Alberta, Ontario, and Saskatchewan primarily under its "Value Buds" and "Nova Cannabis" banners.

As at March 31, 2021, the Company owned 593,000 common shares of Nova Cannabis (March 31, 2020 – 593,000, after retroactively adjusting for an 18.353:1 share consolidation), representing a 1% equity interest on a non-diluted basis. Please refer to Note 16 for additional details on valuation methodology and key inputs and assumptions and Note 20 for additional details on the Company's investment in common shares of Nova Cannabis.

(f) Headset

As described in Note 10(n), as at March 31, 2021, the Company owned 1,572,588 preferred shares of Headset (March 31, 2020 – 1,572,588), representing an 8% equity interest on a non-diluted basis. Please refer to Note 16 for additional details on valuation methodology and key inputs and assumptions.

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(g) ZeaKal

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

As at March 31, 2021, the Company owned 248,446 preferred shares of ZeaKal (March 31, 2020 – 248,446), representing a 9% equity interest on a non-diluted basis. Please refer to Note 16 for additional details on valuation methodology and key inputs and assumptions.

NEW INVESTMENTS DURING THE TWELVE MONTHS ENDED MARCH 31, 2021

(h) BioLumic

As described in Note 10(j), on August 13, 2020, the Company converted the principal amount of \$2,024 (U.S. \$1,500) that the Company had advanced to BioLumic pursuant to a convertible promissory note agreement into 381,590 preferred shares of BioLumic, representing an 10% equity interest on a non-diluted basis. Please refer to Note 16 for additional details on valuation methodology and key inputs and assumptions.

(i) Dynaleo

As described in Note 10(m), on August 31, 2020, the Company converted the principal amount of \$2,000 that the Company had advanced to Dynaleo pursuant to a convertible debenture agreement into 1,499,823 common shares of Dynaleo, representing a 10% equity interest on a non-diluted basis. Please refer to Note 16 for additional details on valuation methodology and key inputs and assumptions.

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12. LEASE LIABILITY

The Company has recognized a lease liability on its consolidated statement of financial position related to its leased office space. The following table provides additional information relating to the Company's lease liability as at March 31, 2021, and 2020:

	As at March 31, 2021	As at March 31, 2020
Opening lease liability	\$ 566	\$ -
IFRS 16 transition, April 1, 2019	-	690
Lease additions	-	-
Disposal of lease	-	-
Lease payments	(174)	(160)
Interest expense on lease liability	28	36
Ending lease liability	\$ 420	\$ 566
Current portion	156	147
Long-term portion	\$ 264	\$ 419

For the twelve months ended March 31, 2021, the Company recognized an amortization expense of \$151 (twelve months ended March 31, 2020 – \$151).

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

	As at March 31, 2021
No later than one year	\$ 345
Later than one year and not later than 5 years	548
Later than 5 years	-
	\$ 893

13. SHARE CAPITAL
(a) Authorized

Prior to the close of the CGC Transaction, the Company had two classes of authorized share capital: Subordinated Voting Shares and Multiple Voting Shares. CGC was the sole holder of the Multiple Voting Shares.

As described in Note 5, pursuant to the CGC Transaction, among other things, the Multiple Voting Shares and Subordinated Voting Shares that CGC held in the Company were cancelled. In exchange for the 36,468,318 Multiple Voting Shares and 15,223,938 Subordinated Voting Shares held by CGC, the Company issued a promissory note to CGC in the amount of \$57,523 (the "CRI Note"). As described in Note 11(b), the Exchangeable Shares were sold to CGC in exchange for cash, common shares of CGC, and the CGC Note in the amount of \$57,523. The CRI Note held by CGC was transferred to CRC in full settlement of the CGC Note, which was thereafter cancelled. The CGC Transaction resulted in the elimination of the Company's dual-class share structure.

Accordingly, as at March 31, 2021, the Company's authorized share capital currently consists of an unlimited number of Common Shares. Each Common Share is entitled to one vote at all meetings of the shareholders of the Company. Given that the Common Shares carry the same basic characteristics as the legacy Subordinated Voting Shares (i.e. one vote per share), the term "Common Shares" may be used interchangeably with "Subordinated Voting Shares" herein when describing share capital activity that occurred prior to the closing of the CGC Transaction. Furthermore, any references herein to "Common Shares" in the context of the Company's total issued and outstanding shares refers to the total of the Multiple Voting Shares and Subordinated Voting Shares issued and outstanding prior to the closing of the CGC Transaction, and the total common shares outstanding subsequent to the closing of the CGC Transaction.

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(Expressed in CDN \$000's except share amounts)**(b) Issued and outstanding**

As at March 31, 2021, there were 142,084,523 Common Shares issued and outstanding (March 31, 2020 – 36,468,318 Multiple Voting Shares and 152,837,131 Subordinated Voting Shares).

Initial financing

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

During the twelve months ended March 31, 2021, share purchase loans in the amount of \$95, relating to the Common Shares held in trust by CGC on behalf of certain CGC employees were repaid (twelve months ended March 31, 2020 – \$50). This resulted in the release from escrow of 1,905,559 Common Shares.

As at March 31, 2021, share purchase loans relating to 9,133,333 of the original seed capital options had been repaid, resulting in the release from escrow of a corresponding number of Common Shares (March 31, 2020 – 999,998). In addition, 566,668 of the original seed capital options had been forfeited and 333,333 of the original seed capital options had expired, resulting in the cancellation by the Company of a corresponding number of Common Shares (March 31, 2020 – 33,334 forfeited, and nil expired). The proceeds from the initial sale of these cancelled Common Shares were returned to CGC.

Please refer to Note 13(c) for additional details on the seed capital options.

Subsequent financings

There were no financings during the twelve months ended March 31, 2021.

(c) Stock options

On August 5, 2020, the Board approved the Company's long term incentive plan ("LTIP"), which replaced the Company's previous stock option plan and 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.

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. The seed capital options are not within the scope of the LTIP.

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

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Seed Capital Options

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

During the twelve months ended March 31, 2021, 1,905,559 seed capital options were exercised (twelve months ended March 31, 2020 – 999,998). During the twelve months ended March 31, 2021, 533,334 seed capital options were forfeited (twelve months ended March 31, 2020 – 33,334) and 333,333 seed capital options expired (twelve months ended March 31, 2020 – nil).

During the twelve months ended March 31, 2021, the Company recognized \$1,336 in share-based compensation recapture related to seed capital options (twelve months ended March 31, 2020 – \$1,599 expense). The net recapture for the twelve months ended March 31, 2021 was driven by forfeited seed capital options.

Consultant Options

As at March 31, 2020, the Company had 7,302,004 options to purchase Common Shares granted to employees of CGC and other consultants of the Company outstanding. During the twelve months ended March 31, 2021, the Company did not grant any options to purchase Common Shares to consultants of the Company (twelve months ended March 31, 2020 – 60,000). Options granted to CGC employees and consultants are considered "consultant options" from the Company's perspective. The options have exercise prices ranging from \$0.60 to \$3.50 per 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 issuance using a Black-Scholes option pricing model and are remeasured at the end of each reporting period until the performance is complete. The Company has estimated the number of options it expects to vest and is amortizing the expense over the expected vesting period.

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

Consultant Options	Initial Recognition	March 31, 2020	March 31, 2021
Share price	\$0.60 – \$3.50	\$1.08	\$2.49
Exercise price	\$0.60 – \$3.50	\$0.60 – \$3.50	\$0.60 – \$3.50
Risk-free interest rate	1.5%	0.5%	0.2%
Weighted average expected life (years)	3.0 – 4.0	0 – 3.6	0.7 – 2.6
Dividend yield	0%	0%	0%
Expected annualized volatility	70%	70%	70%
Expected forfeiture rate	0%	0%	0%

During the twelve months ended March 31, 2021, 2,293,668 consultant options were exercised at a weighted average exercise price of \$0.60 for gross proceeds of \$1,376 (twelve months ended March 31, 2020 – 494,997 consultant options exercised at a weighted average exercise price of \$0.60 for gross proceeds of \$297). During the twelve months ended March 31, 2021, 173,335 consultant options with a weighted average exercise price of \$0.60 were forfeited (twelve months ended March 31, 2020 – 166,667 consultant options with a weighted average exercise price of \$0.60) and 65,000 consultant options with a weighted average exercise price of \$1.94 expired (twelve months ended March 31, 2020 – 90,000 consultant options with a weighted average exercise price of \$3.50).

During the twelve months ended March 31, 2021, the Company recognized \$142 in share-based compensation recapture related to consultant options (twelve months ended March 31, 2020 – \$3,117 expense).

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Employee and Director Options

As at March 31, 2020, the Company had 5,764,000 options to purchase Common Shares granted to employees and directors of the Company outstanding. During the twelve months ended March 31, 2021, the Company did not grant any options to purchase Common Shares to employees or directors of the Company (twelve months ended March 31, 2020 – 2,008,000). 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 issuance using a Black-Scholes option pricing model. The Company has estimated the number of options it expects to vest and is amortizing the expense over the expected vesting period.

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

Employee and Director Options	Initial Recognition
Share price	\$1.10 – \$4.50
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 twelve months ended March 31, 2021, 673,333 employee and director options were exercised at a weighted average price of \$1.21 for net proceeds of \$124 after giving consideration to the Company's cashless exercise program, under which a number of shares net of the exercise price value were issued upon exercise (twelve months ended March 31, 2020 – 750,000 employee and director options exercised at a weighted average price of \$1.10 for gross proceeds of \$825). During the twelve months ended March 31, 2021, 470,001 employee and director options with a weighted average exercise price of \$3.43 were forfeited (twelve months ended March 31, 2020 – nil) and 567,667 employee and director options with a weighted average exercise price of \$3.78 expired (twelve months ended March 31, 2020 – nil).

During the twelve months ended March 31, 2021, the Company recognized \$1,608 in share-based compensation expense related to employee and director options (twelve months ended March 31, 2020 – \$4,027).

Stock Options Summary

The following tables summarize information about options outstanding as at March 31, 2021, and 2020:

	Options Outstanding			Options Exercisable			
	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⁾
March 31, 2021	\$	#	# (years)	\$	\$	#	\$
Seed capital	0.05	33,334	0.0	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

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March 31, 2020	Options Outstanding			Options Exercisable			
	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	2,805,560	0.4	1.03	0.05	1,216,671	1.03
Consultant	1.82	7,302,004	3.0	0.36	1.37	3,870,338	0.41
Employee and director	2.94	5,764,000	3.7	1.47	2.46	1,651,998	\$1.17

⁽¹⁾ Weighted average fair value per share is based on 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 period:

	# of Options	Weighted Avg. Exercise Price
Balance – March 31, 2020	15,871,564	\$ 1.91
Granted	-	-
Exercised	4,872,560	0.47
Forfeited	1,176,670	1.48
Expired	966,000	2.37
Balance – March 31, 2021	8,856,334	\$ 2.70

(d) Warrants**PharmHouse Warrants**

In connection with the formation of PharmHouse described in Note 6, the Company had issued 14,400,000 warrants to the PharmHouse Majority Shareholder. The warrants had an exercise price of \$2.00 per Common Share and were exercisable for a period of one year following the date that PharmHouse achieved a licence-related milestone.

Upon initial recognition of the warrants, the warrants were recorded as a derivative liability as the exercise price of the warrants was contingent upon future events, and the fair value was estimated using a Black-Scholes option pricing model, which formed part of the Company's cost base of its investment in PharmHouse common shares described in Note 6(f).

During the twelve months ended March 31, 2021, the 14,400,000 PharmHouse warrants expired.

Warrants Summary

The following tables summarize information about warrants outstanding as at March 31, 2021, and 2020:

Date	Warrants Outstanding			Warrants Exercisable			
	Weighted Average Exercise Price	Number of Warrants Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Fair Value per Share ⁽¹⁾	Weighted Average Exercise Price	Number of Warrants Exercisable	Weighted Average Fair Value per Share ⁽¹⁾
	\$	#	# (years)	\$	\$	#	\$
March 31, 2021	n/a	-	-	n/a	n/a	-	n/a
March 31, 2020	2.00	14,400,000	0.9	1.98	2.00	14,400,000	1.98

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- (1) Weighted average fair value per share is based on the estimated fair value of each warrant at the time of grant for warrants that are not remeasured each period.

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

	# of Warrants	Weighted Avg. Exercise Price
Balance – March 31, 2020	14,400,000	\$ 2.00
Granted	-	-
Exercised	-	-
Forfeited	-	-
Expired	14,400,000	2.00
Balance – March 31, 2021	-	\$ -

(e) 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 twelve months ended March 31, 2021, the Company granted 115,492 RSUs to non-employee directors (twelve months ended March 31, 2020 – 356,308). The RSUs vested immediately and one-third are redeemable for Common Shares on each of the first, second, and third anniversaries from the date of grant. The number of RSUs granted to the non-employee directors was based upon the estimated fair value of services provided to the Company of \$217 and a volume-weighted average price of \$1.88 per share (determined at the individual grants dates).

During the twelve months ended March 31, 2021, 118,770 RSUs were redeemed at a volume-weighted average price of \$0.81 (twelve months ended March 31, 2020 – nil).

During the twelve months ended March 31, 2021, the Company recognized \$217 in share-based compensation expense related to the RSUs (twelve months ended March 31, 2020 – \$290).

RSUs Summary

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

	# of RSUs	Weighted Avg. Grant Price
Balance – March 31, 2020	356,308	\$ 0.81
Granted	115,492	1.88
Redeemed	118,770	0.81
Balance – March 31, 2021	353,030	\$ 1.16

(f) 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

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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 twelve months ended March 31, 2021, 330,000 PSUs were forfeited (twelve months ended March 31, 2020 – not applicable).

During the twelve months ended March 31, 2021, the Company recognized \$587 in share-based compensation expense related to the PSUs (twelve months ended March 31, 2020 – not applicable).

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

	# of PSUs	Weighted Avg. Grant Price
Balance – March 31, 2020	-	\$ -
Granted	1,210,000	0.98
Performance Factor Adjustment	-	-
Redeemed	-	-
Forfeited	330,000	0.98
Balance – March 31, 2021	880,000	\$ 0.98

(g) 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 will expire on April 1, 2021.

Daily purchases are limited to 70,653 Common Shares, representing 25% of the average daily trading volume on the TSX over a specified period. The NCIB may be utilized at the sole discretion of the Company, with no contractual obligation to purchase any specified number of shares. All Common Share purchases made by the Company under the NCIB will be funded out of the Company's working capital and will be cancelled immediately.

During the twelve months ended March 31, 2021, the Company repurchased and cancelled 273,300 Common Shares pursuant to the NCIB program for \$307 at a weighted average acquisition price of \$1.11 per share (twelve months ended March 31, 2020 – not applicable).

14. 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 control approximately 3.1% of the Common Shares of the Company on a fully diluted basis as at March 31, 2021. Compensation provided to key management personnel is as follows:

	Twelve months ended	
	March 31, 2021	March 31, 2020
Share-based compensation	\$ 1,536	\$ 3,503
Executive salaries and bonuses	1,878	1,307
Director fees ⁽¹⁾	156	230
Special committee fees	237	-

⁽¹⁾ Note: Each director receives an annual retainer that is allocated at such individual's discretion between cash and share-based compensation, subject to certain restrictions. Director fees indicated above represent the cash portion of total

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director compensation (excluding special committee fees, which are presented separately), with the remainder presented in share-based compensation.

(b) Transactions with CGC

Prior to February 23, 2021, the Company was controlled by CGC. Upon the close of the CGC Transaction, CGC no longer had any equity, debt, or material outstanding balances with the Company. Please refer to Note 5 for additional details on the CGC Transaction.

(c) Transactions with other related parties

Transactions and balances with the Company's associates and joint venture are described and discussed in Notes 6, 9, and 10.

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

15. INCOME TAXES

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

	<u>Twelve months ended</u> March 31, 2021	<u>Twelve months ended</u> March 31, 2020
Income (loss) before taxes	\$ (152,354)	\$ (40,617)
Income tax expense (recovery) calculated at 26.5%	(40,374)	(10,764)
Effect of items that are not deductible in determining taxable income	248	3,112
Effect of previously unrecognized temporary differences on joint venture	3,448	-
Effect of capital gains tax rate applied to certain financial assets	17,608	3,150
Change in unrecognized deferred tax assets	623	4,257
Other	(27)	194
Income tax expense (recovery)	\$ (18,474)	\$ (51)

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

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

	<u>Twelve months ended</u> March 31, 2021	<u>Twelve months ended</u> March 31, 2020
Current income tax expense (recovery)		
Current period	\$ (15,260)	\$ 223
Adjustment in respect of prior periods	(153)	(1,030)
Current income tax expense (recovery)	\$ (15,413)	\$ (807)
Deferred income tax expense (recovery)		
Origination and reversal of temporary differences	\$ (3,066)	\$ (450)
Adjustment in respect of prior periods	5	1,206
Deferred income tax expense (recovery)	\$ (3,061)	\$ 756
Income tax expense (recovery)	\$ (18,474)	\$ (51)

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

Below is a summary of the movement in deferred tax assets (liabilities) for the twelve months ended March 31, 2021, and 2020:

	Twelve months ended March 31, 2021					
	April 1, 2020	Recognized in profit or loss	Recognized in other compre- sive income	Recognized directly in equity	Other	March 31, 2021
Net operating losses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Share issuance costs	-	50	-	727	-	777
Finance lease receivable	-	(62)	-	-	-	(62)
Equity method investees	-	158	-	-	-	158
Investments accounted for at FVTPL	-	2,527	-	-	-	2,527
Investments accounted for at FVTOCI	-	-	213	-	-	213
Financial guarantee liability	-	398	-	-	-	398
Other	-	(10)	-	-	-	(10)
Deferred tax asset (liability)	\$ -	\$ 3,061	\$ 213	\$ 727	\$ -	\$ 4,001

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

For the twelve months ended March 31, 2021, the Company recognized \$213 of deferred income tax recovery directly within other comprehensive income due to the change in recognition of deferred tax assets on financial assets at FVTOCI (twelve months ended March 31, 2020 – deferred income tax recovery of \$9,959). For the twelve months ended March 31, 2021, the Company recognized \$33,690 of current income tax expense within other comprehensive income due to realized capital gains on disposition of financial assets at FVTOCI (twelve months ended March 31, 2020 – \$nil).

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

	<u>Twelve months ended</u> March 31, 2021	<u>Twelve months ended</u> March 31, 2020
Net operating losses carried forward	\$ 5,185	\$ 3,897
Capital losses carried forward	1,122	329
Share issuance costs	2,051	7,787
Equity method investees	6,334	16,139
Financial assets at FVTPL	11,532	3,383
Financial assets at FVTOCI	-	2,221
Other	687	6
Total	\$ 26,911	\$ 33,762

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

Year of expiry	Net operating losses
2038	\$ 69
2039	1,561
2040	2,241
2041	1,314
Total	\$ 5,185

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16. FINANCIAL INSTRUMENTS

(a) Liquidity risk

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

The Company's financial liabilities are comprised of accounts payable and accrued liabilities, and a financial guarantee liability (related to the PharmHouse Guarantee, discussed in Notes 6(c) and 16(b)). As at March 31, 2021, the contractual maturities for the Company's accounts payable are generally within six months.

Please refer to Note 18 for additional information on commitments.

(b) Credit risk

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

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

The table below details the credit quality of the Company's financial assets (other than those measured at FVTPL and FVTOCI) and financial liabilities, and the corresponding provision for expected credit losses. Financial assets in credit rating category "(3)" above have had the gross carrying amount and provision for ECL written off, such that the Company has no expectation of recovery. Financial assets and liabilities were assessed individually, but have been grouped together below for presentation purposes:

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As at March 31, 2021					
Instrument	Internal credit rating	Basis for recognizing ECLs	Gross carrying amount	Provision for ECL	Net carrying amount
Interest and royalty receivable	(1)	12-month ECLs	\$ 779	\$ 61	\$ 718
	(2)	Lifetime ECLs	5,669	3,779	1,890
Interest receivable – long term	(2)	Lifetime ECLs	1,791	179	1,612
Other receivables	(1)	12-month ECLs	460	-	460
Finance lease receivable	(1)	Lifetime ECLs (simplified approach)	2,870	-	2,870
Financial guarantee liability	(2)	Lifetime ECLs	-	3,000	(3,000)
				\$ 7,019	
As at March 31, 2020					
Instrument	Internal credit rating	Basis for recognizing ECLs	Gross carrying amount	Provision for ECL	Net carrying amount
Interest and royalty receivable	(1)	12-month ECLs	\$ 8,074	\$ 40	\$ 8,034
	(2)	Lifetime ECLs	2,262	229	2,033
Interest receivable – long term	(2)	Lifetime ECLs	924	-	924
Other receivables	(1)	12-month ECLs	416	-	416
Finance lease receivable	(1)	Lifetime ECLs (simplified approach)	2,772	-	2,772
Loans receivable	(1)	12-month ECL	40,000	-	40,000
				\$ 269	

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

The following tables outline the movement of the provision for ECLs for the twelve months ended March 31, 2021, and 2020:

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Twelve months ended March 31, 2021						
	Interest and royalty receivable	Interest receivable – long term	Other receivables	Finance lease receivable	Loans receivable	Financial guarantee liability
Beginning balance, provision for ECL – April 1, 2020	\$ 269	\$ -	\$ -	\$ -	\$ -	\$ -
Change in provision	12,633	179	-	-	53,656	28,000
Write-offs charged against provision	(9,062)	-	-	-	(53,656)	(25,000)
Ending balance, provision for ECL – March 31, 2021	\$ 3,840	\$ 179	\$ -	\$ -	\$ -	\$ 3,000
Twelve months ended March 31, 2020						
	Interest and royalty receivable	Interest receivable – long term	Other receivables	Finance lease receivable	Loans receivable	Financial guarantee liability
Beginning balance, provision for ECL – April 1, 2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Change in provision	269	-	-	-	-	-
Write-offs charged against provision	-	-	-	-	-	-
Ending balance, provision for ECL – March 31, 2020	\$ 269	\$ -	\$ -	\$ -	\$ -	\$ -

For the twelve months ended March 31, 2021, the Company recognized an increase in the provision for ECLs on its interest and royalty receivables of \$12,812 in its statement of comprehensive income (loss) (twelve months ended March 31, 2020 – \$269). The change in the Company's provision for ECLs on its interest and royalty receivables for the twelve months ended March 31, 2021, is primarily attributable to an increase in the provision for ECLs and subsequent write-off of \$8,939 relating to the Company's interest receivable balance with PharmHouse described in Note 6(d), and an increase in the provision for ECL of \$3,672 relating to the Company's royalty receivable balance with Agripharm described in Note 10(a). The change in ECLs related to the PharmHouse interest receivable balance was driven by the conclusions derived from the PharmHouse Recoverability Assessment described in Note 6(b). The change in ECL related to the Agripharm royalty receivable balance represents the enhanced risk that Agripharm would not be able to meet its financial obligations pursuant to the royalty agreement based upon underlying business conditions.

For the twelve months ended March 31, 2021, the Company recognized an increase to the provision for ECLs on its loans receivable of \$53,656 (twelve months ended March 31, 2020 – \$nil). As a result of the PharmHouse Recoverability Assessment described in Note 6(b), the Company concluded that the amounts advanced pursuant to the shareholder loan, secured and unsecured demand promissory notes, and DIP Financing would not be recoverable, as the proceeds to be received from the PharmHouse Sale are insufficient to repay the outstanding principal amount on the PharmHouse Credit Facility, which ranks senior to the Company's loans receivable. As such, the gross balances of the loans receivable were written-off, and the corresponding ECL provisions were derecognized.

Aside from these items, there have been no material changes in the estimation techniques made during the current reporting period in assessing the loss allowance for the Company's interest and royalty receivables, other receivables, or finance lease receivable.

As described in Note 6(c), the Company is a guarantor for the syndicated PharmHouse Credit Facility in the event of non-compliance with covenants or default. In connection with the PharmHouse Recoverability Assessment described in Note 6(b), during the twelve months ended March 31, 2021, the Company recognized an increase in the provision for ECL on its financial guarantee liability related to the PharmHouse Guarantee of \$28,000. During the twelve months ended March 31, 2021, the Company made a payment of \$25,000 to the Lenders to satisfy, in part, this liability related to the PharmHouse Guarantee.

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(c) Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. As at March 31, 2021, the Company's exposure to interest rate risk arises from its investments in certain debt instruments of investees, which all have fixed interest rates. The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. The Company currently has no long-term borrowings and is not directly party to any arrangement involving variable interest rates.

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

(d) Fair values

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the observability of significant inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

The carrying amount of cash and cash equivalents, interest and royalty 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 as at March 31, 2021, of the Company's other financial instruments are determined:

	Fair value as at Mar. 31, 2021	Fair value as at Mar. 31, 2020	Fair value hierarchy and technique	Key inputs
Financial assets – fair value through profit or loss				
Agripharm Royalty Interest	\$5,100	\$12,600	(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, and supported by the estimated recoverable amount of Agripharm's net assets	<i>Key unobservable inputs:</i> <ul style="list-style-type: none"> • Projected royalty payments that Agripharm may be able to service based on current business conditions • Discount rate (38% at Mar. 31, 2021; 35% at Mar. 31, 2020)

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	Fair value as at Mar. 31, 2021	Fair value as at Mar. 31, 2020	Fair value hierarchy and technique	Key inputs
Radicle Royalty Interest	\$4,000	\$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	<p><i>Key observable inputs:</i></p> <ul style="list-style-type: none"> • Per gram royalty • Minimum annual payment <p><i>Key unobservable inputs:</i></p> <ul style="list-style-type: none"> • Cannabis production • Discount rate (25% at Mar. 31, 2021; 25% at Mar. 31, 2020)
Radicle Convertible Debenture	\$840	\$880	(Level 3): FinCAD model (with a Black-Scholes option pricing model)	<p><i>Key observable inputs:</i></p> <ul style="list-style-type: none"> • Principal advanced • Interest rate • Conversion price (\$0.60 at Mar. 31, 2021; \$0.60 at Mar. 31, 2020) <p><i>Key unobservable inputs:</i></p> <ul style="list-style-type: none"> • Share price (\$0.60 at Mar. 31, 2021; \$0.60 at Mar. 31, 2020) • Implied credit spread (20% at Mar. 31, 2021; 26% at Mar. 31, 2020) • Expected annualized volatility (101% at Mar. 31, 2021; 94% at Mar. 31, 2020)
Radicle Warrants	\$40	\$50	(Level 3): Black-Scholes option pricing model	<p><i>Key observable inputs:</i></p> <ul style="list-style-type: none"> • Exercise price (\$0.75 at Mar. 31, 2021; \$0.75 at Mar. 31, 2020) <p><i>Key unobservable inputs:</i></p> <ul style="list-style-type: none"> • Share price (\$0.60 at Mar. 31, 2021; \$0.60 at Mar. 31, 2020) • Expected life (2.3 years at Mar. 31, 2021; 3.0 years at Mar. 31, 2020) • Expected annualized volatility (101% at Mar. 31, 2021; 94% at Mar. 31, 2020)
Vert Mirabel Preferred Shares	N/A	\$20,000	Not applicable	<ul style="list-style-type: none"> • This asset was divested in connection with the CGC Transaction. Please see Note 5 for additional details.
Civilized Convertible Debenture	\$nil	\$2,100	(Level 3): Income approach – discounted cash flow: based upon the probability-adjusted net cash flows expected to be generated from sale of the asset	<p><i>Key unobservable inputs:</i></p> <ul style="list-style-type: none"> • As at March 31, 2021, the Company determined that the likelihood of deriving any value from the sale of the asset was remote
Canapar Call Option	N/A	\$1,100	Not applicable	<ul style="list-style-type: none"> • This asset was divested during the twelve months ended March 31, 2021
Greenhouse Juice Secured Convertible Debenture	\$5,600	\$7,500	(Level 3): FinCAD model (with a Black-Scholes option pricing model)	<p><i>Key observable inputs:</i></p> <ul style="list-style-type: none"> • Principal advanced • Conversion price (\$1.51 at Mar. 31, 2021; \$1.51 at Mar. 31, 2020) <p><i>Key unobservable inputs:</i></p> <ul style="list-style-type: none"> • Share price (\$0.67 at Mar. 31, 2021; \$1.51 at Mar. 31, 2020) • Implied credit spread (21% at Mar. 31, 2021; 33% at Mar. 31, 2020)

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	Fair value as at Mar. 31, 2021	Fair value as at Mar. 31, 2020	Fair value hierarchy and technique	Key inputs
				<ul style="list-style-type: none"> Expected annualized volatility (50% at Mar. 31, 2021; 45% at Mar. 31, 2020)
Greenhouse Juice Unsecured Convertible Debenture	N/A	\$3,000	Not applicable	<ul style="list-style-type: none"> This asset was converted into preferred shares of Greenhouse Juice during the twelve months ended March 31, 2021
Greenhouse Juice Warrants	\$20	\$390	(Level 3): Monte Carlo simulation model (using Geometric Brownian Motion) and Black-Scholes option pricing model	<p><i>Key observable inputs:</i></p> <ul style="list-style-type: none"> Exercise price (\$1.08 (preferred share warrant) and \$6.49 (control warrant) at Mar. 31, 2021; \$2.16 (preferred share warrant) and \$6.49 (control warrant) at Mar. 31, 2020) <p><i>Key unobservable inputs:</i></p> <ul style="list-style-type: none"> Share price (\$0.67 at Mar. 31, 2021; \$1.51 at Mar. 31, 2020) Expected life (0.8 year at Mar. 31, 2021; 2.0 years at Mar. 31, 2020) Expected annualized volatility (50% at Mar. 31, 2021; 45% at Mar. 31, 2020)
High Beauty Warrants	\$nil	\$90	(Level 3): Black-Scholes option pricing model	<p><i>Key observable inputs:</i></p> <ul style="list-style-type: none"> Exercise price (original warrants) (\$0.01 at Mar. 31, 2021; \$0.01 at Mar. 31, 2020) <p><i>Key unobservable inputs:</i></p> <ul style="list-style-type: none"> Exercise price (additional warrants) Share price (\$nil at Mar. 31, 2021; \$0.14 at Mar. 31, 2020) Expected life (1.5 years at Mar. 31, 2021; 2.0 years at Mar. 31, 2020) Expected annualized volatility (70% at Mar. 31, 2021; 63% at Mar. 31, 2020)
High Beauty Convertible Promissory Note	\$970	\$850	(Level 3): FinCAD model (with a Monte Carlo simulation model using Geometric Brownian Motion), adjusted for FX gains/losses and interest accrued during the reporting period	<p><i>Key observable inputs:</i></p> <ul style="list-style-type: none"> Principal advanced Interest rate <p><i>Key unobservable inputs:</i></p> <ul style="list-style-type: none"> Conversion price (variable based on qualified financing) Share price (\$nil at Mar. 31, 2021; US\$0.11 at Mar. 31, 2020) Implied credit spread (20% at Mar. 31, 2021; 31% at Mar. 31, 2020) Expected annualized volatility (70% at Mar. 31, 2021; 63% at Mar. 31, 2020) Timing and probability of qualified financing
BioLumic Convertible Promissory Note	N/A	\$2,400	Not applicable	<ul style="list-style-type: none"> This asset was converted into preferred shares of BioLumic during the twelve months ended March 31, 2021

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	Fair value as at Mar. 31, 2021	Fair value as at Mar. 31, 2020	Fair value hierarchy and technique	Key inputs
BioLumic Second Convertible Promissory Note	\$650	N/A	(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	<i>Key observable inputs:</i> <ul style="list-style-type: none"> Principal amount advanced Interest rate (6% at Mar. 31, 2021; not applicable at Mar. 31, 2020) FX rate
Tweed Tree Lot Royalty Interest	N/A	\$15,100	Not applicable	<ul style="list-style-type: none"> This asset was divested in connection with the CGC Transaction. Please see Note 5 for additional details.
TerrAscend Canada Term Loan	N/A	\$10,000	Not applicable	<ul style="list-style-type: none"> This asset was divested in connection with the CGC Transaction. Please see Note 5 for additional details.
TerrAscend Warrants II	N/A	\$110	Not applicable	<ul style="list-style-type: none"> This asset was divested in connection with the CGC Transaction. Please see Note 5 for additional details.
Dynaleo Convertible Debenture	N/A	N/A	Not applicable	<ul style="list-style-type: none"> This asset was converted into common shares of Dynaleo during the twelve months ended March 31, 2021
Dynaleo Warrants	\$810	N/A	(Level 3): Black-Scholes option pricing model	<i>Key observable inputs:</i> <ul style="list-style-type: none"> Exercise price (\$1.42 at Mar. 31, 2021; not applicable at Mar. 31, 2020) <i>Key unobservable inputs:</i> <ul style="list-style-type: none"> Share price (\$2.00 at Mar. 31, 2021; not applicable at Mar. 31, 2020) Expected life (1.0 year at Mar. 31, 2021; not applicable at Mar. 31, 2020) Expected annualized volatility (70% at Mar. 31, 2021; not applicable at Mar. 31, 2020)
Headset Convertible Promissory Note	\$1,100	N/A	(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	<i>Key observable inputs:</i> <ul style="list-style-type: none"> Principal amount advanced Interest rate (8% at Mar. 31, 2021; not applicable at Mar. 31, 2020) FX rate
Canapar Contingent Consideration	\$1,000	N/A	(Level 3): Income approach – discounted cash flow: based upon the probability-adjusted net cash flows expected to be generated from the achievement of certain operational milestones	<i>Key observable inputs:</i> <ul style="list-style-type: none"> Quantum of contingent consideration <i>Key unobservable inputs:</i> <ul style="list-style-type: none"> Probability of achieving operational milestones (67% at Mar. 31, 2021; not applicable at Mar. 31, 2020) Discount rate (40% at Mar. 31, 2021; not applicable at Mar. 31, 2020)
CGC Common Shares	\$143,900	N/A	(Level 1): Quoted share price	<ul style="list-style-type: none"> Not applicable

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	Fair value as at Mar. 31, 2021	Fair value as at Mar. 31, 2020	Fair value hierarchy and technique	Key inputs
Total	\$164,030	\$80,170		
Financial assets – fair value through other comprehensive income				
JWC Common Shares	\$nil	\$976	Not applicable	<ul style="list-style-type: none"> As a result of JWC's CCAA proceedings, the fair value of the Company's investment in JWC common shares was reduced to \$nil
TerrAscend Exchangeable Shares	N/A	\$23,500	Not applicable	<ul style="list-style-type: none"> This asset was divested in connection with the CGC Transaction. Please see Note 5 for additional details.
Vert Mirabel Common Shares	N/A	\$19,900	Not applicable	<ul style="list-style-type: none"> This asset was divested in connection with the CGC Transaction. Please see Note 5 for additional details.
Nova Cannabis Common Shares	\$1,718	\$1,523	(Level 1): Quoted share price	<ul style="list-style-type: none"> Not applicable
Headset Preferred Shares	\$4,000	\$4,500	(Level 3): Market approach – most recent financing: based upon per share valuation in Headset's December 2018 equity financing, adjusted for FX gains/losses	<p><i>Key observable inputs:</i></p> <ul style="list-style-type: none"> Financing price FX rate <p><i>Key unobservable inputs:</i></p> <ul style="list-style-type: none"> Share price
ZeaKal Preferred Shares	\$12,600	\$14,200	(Level 3): Market approach – most recent financing: based upon per share valuation in ZeaKal's August 2019 equity financing, adjusted for FX gains/losses	<p><i>Key observable inputs:</i></p> <ul style="list-style-type: none"> Financing price FX rate <p><i>Key unobservable inputs:</i></p> <ul style="list-style-type: none"> Share price
BioLumic Preferred Shares	\$2,000	N/A	(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	<p><i>Key observable inputs:</i></p> <ul style="list-style-type: none"> Financing price FX rate <p><i>Key unobservable inputs:</i></p> <ul style="list-style-type: none"> Share price
Dynaleo Common Shares	\$2,900	N/A	(Level 3): Market approach – most recent financing: based upon per share valuation in Dynaleo's March 2021 equity financing	<p><i>Key observable inputs:</i></p> <ul style="list-style-type: none"> Financing price <p><i>Key unobservable inputs:</i></p> <ul style="list-style-type: none"> Share price
Total	\$23,218	\$64,599		

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	Fair value as at Mar. 31, 2021	Fair value as at Mar. 31, 2020	Fair value hierarchy and technique	Key inputs
Financial assets – amortized cost				
PharmHouse Loan Receivable	Fair value: \$nil Carrying value: \$nil	Fair value: \$39,900 Carrying value: \$40,000	Not applicable	<ul style="list-style-type: none"> As at March 31, 2021, this asset was written off based upon the conclusions derived from the PharmHouse Recoverability Assessment, described in Note 6(b)
PharmHouse Secured Demand Promissory Note	Fair value: \$nil Carrying value: \$nil	Fair value: \$2,450 Carrying value: \$2,450	Not applicable	<ul style="list-style-type: none"> As at March 31, 2021, this asset was written off based upon the conclusions derived from the PharmHouse Recoverability Assessment, described in Note 6(b)
PharmHouse Unsecured Demand Promissory Note	Fair value: \$nil Carrying value: \$nil	Fair value: N/A Carrying value: N/A	Not applicable	<ul style="list-style-type: none"> As at March 31, 2021, this asset was written off based upon the conclusions derived from the PharmHouse Recoverability Assessment, described in Note 6(b)
PharmHouse DIP Financing	Fair value: \$nil Carrying value: \$nil	Fair value: N/A Carrying value: N/A	Not applicable	<ul style="list-style-type: none"> As at March 31, 2021, this asset was written off based upon the conclusions derived from the PharmHouse Recoverability Assessment, described in Note 6(b)
Total	Fair value: \$nil Carrying value: \$nil	Fair value: \$42,350 Carrying value: \$42,450		

As at March 31, 2021, the Company also owned common share purchase warrants of Civilized and a control warrant in 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.

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

Financial assets

- Level 1: \$145,618 (March 31, 2020 – \$1,523)
- Level 2: \$nil (March 31, 2020 – \$976)
- Level 3: \$41,630 (March 31, 2020 – \$193,720)

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No transfers between fair value levels occurred during the twelve months ended March 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.
- Geometric Brownian Motion simulation model (Level 3) – Simulation of correlated paths between the following inputs:
 - Company equity value: An increase in this input would result in an increase in fair value.
 - Expected life (years): An increase in this input would result in an increase in fair value.
 - Volatility of company equity value: An increase in this input would result in an increase in fair value.
- 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.

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 on changes to individual inputs independently, without consideration of the impact of such change on other variables that influence value. The realization of the sensitivities outlined below would have affected the Company's net changes in fair value of financial assets at FVTPL and would not have had a material impact on cash flows from operations.

Investee	Instrument	Input	Assumption	Change	Impact
Agripharm	Royalty interest	Discount rate	38.0%	+ 2.5% (abs)	\$(400)
Radicle	Royalty interest	Discount rate	25.0%	+ 2.5% (abs)	\$(300)
Greenhouse Juice	Secured convertible debenture	Volatility	50.0%	- 5.0% (abs)	\$(24)
		Credit spread	21.0%	+ 5.0% (abs)	\$(224)
High Beauty	Convertible promissory note	Credit spread	19.8%	+ 5.0% (abs)	\$(46)

(e) Market risk

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

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17. CAPITAL MANAGEMENT

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

The Company manages its capital structure and adjusts it considering changes in economic conditions and the risk characteristics of the underlying assets. The Company may issue new shares or debt to maintain or adjust its capital structure. Please refer to Note 13(a) for additional details on share capital.

As at March 31, 2021, total managed capital was \$311,460 (March 31, 2020 – \$298,278), comprised of shareholders' equity of \$311,460 (March 31, 2020 – \$298,278) and interest-bearing debt of \$nil (March 31, 2020 – \$nil). As at March 31, 2021, the Company is not subject to any externally imposed capital requirements (March 31, 2020 – \$nil).

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

18. COMMITMENTS AND CONTINGENCIES

In connection with the Company's investment in Greenhouse Juice as described in Note 9(d), the Company is required to exercise certain warrants with a face value of \$1,000 upon the achievement of certain revenue targets.

19. EARNINGS PER SHARE

Basic 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 twelve months ended March 31, 2021, and 2020:

	<u>Twelve months ended Mar. 31, 2021</u>			<u>Twelve months ended Mar. 31, 2020</u>		
	Net loss	Weighted avg. number of shares	EPS	Net loss	Weighted avg. number of shares	EPS
Basic	\$(133,880)	186,028,610	\$(0.72)	\$(40,566)	188,367,199	\$(0.22)
Dilutive securities		-			-	
Diluted	\$(133,880)	186,028,610	\$(0.72)	\$(40,566)	188,367,199	\$(0.22)

20. SUBSEQUENT EVENTS

Between April 1, 2021, and June 2, 2021, the Company sold 3,565,402 common shares of CGC for net proceeds of \$106,707. As at June 2, 2021, the Company no longer owns any CGC common shares.

Between April 28, 2021, and May 6, 2021, the Company sold 593,000 common shares of Nova Cannabis for total net proceeds of \$1,446. The Company no longer owns any Nova Cannabis common shares.

On May 14, 2021, PharmHouse, through its SISP, closed the sale of its greenhouse facility pursuant to the PharmHouse Asset Purchase Agreement (the "PharmHouse Sale"). Concurrent with the closing of the PharmHouse Sale, the Company made a payment of \$7,535 to the Lenders (the "Second Guarantee Payment"). The Second Guarantee Payment, when combined with the net proceeds received from the PharmHouse Sale and the First Guarantee Payment described in Note 6(c), among other items, satisfied all obligations outstanding pursuant to the PharmHouse Credit Facility. The PharmHouse Credit Facility has now been terminated and

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

cancelled. The Company is entitled to any cash available for distribution upon the termination of the CCAA Proceedings.

On June 2, 2021, the Company closed a definitive purchase and sale agreement with Tweed Tree Lot for the sale of a property located in Fredericton, New Brunswick, in exchange for a cash payment of \$4,000. With the sale of the property, the lease agreement has been terminated and the Company no longer has any agreements with Tweed Tree Lot.