



CANNARA BIOTECH INC.

Condensed Interim Consolidated Financial Statements

For the three and six-month periods ended

February 28, 2021 and February 29, 2020

(Unaudited)

CANNARA BIOTECH INC.

Table of Contents

(Unaudited)

	Page
Condensed Interim Consolidated Statements of Financial Position	1
Condensed Interim Consolidated Statements of Net Loss and Comprehensive Loss	2
Condensed Interim Consolidated Statements of Changes in Equity	3
Condensed Interim Consolidated Statements of Cash Flows	4
Notes to Condensed Interim Consolidated Financial Statements	5 - 27

CANNARA BIOTECH INC.

Condensed Interim Consolidated Statements of Financial Position
As at February 28, 2021 and August 31, 2020
(Unaudited - in Canadian dollars)

	February 28, 2021	August 31, 2020
Assets		
Current assets		
Cash	\$ 4,730,524	\$ 7,771,177
Accounts receivable	745,817	26,370
Sales tax receivable	26,062	251,728
Lease receivable	34,123	30,608
Biological assets (note 3)	1,086,333	1,313,370
Inventory (note 4)	3,580,508	928,351
Prepaid expenses and other assets	321,381	208,252
	<u>10,524,748</u>	<u>10,529,856</u>
Lease receivable	54,652	72,704
Deposits	297,064	352,153
Deposits on property, plant and equipment	4,831	89,319
Property, plant and equipment (note 5)	42,878,129	43,187,173
Right-of-use asset (note 6)	365,831	456,899
Intangible asset (note 7)	79,070	162,324
	<u>\$ 54,204,325</u>	<u>\$ 54,850,428</u>
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 2,543,944	\$ 2,915,279
Deferred lease revenue	9,674	28,204
Current portion of long-term debt (note 8)	3,274	2,039
Current portion of deferred grant income	32,043	22,162
Current portion of lease liabilities (note 6)	212,355	209,268
Current portion of mortgages payable (note 8)	300,000	300,000
	<u>3,101,290</u>	<u>3,476,952</u>
Other long-term liabilities	–	75,000
Long-term debt (note 8)	4,303	7,124
Lease liabilities (note 6)	335,266	442,496
Credit facilities (note 8)	3,976,673	–
Deferred grant income	721,100	509,732
Mortgages payable (note 8)	11,830,746	11,974,263
	<u>19,969,378</u>	<u>16,485,567</u>
Shareholders' equity		
Share capital (note 9)	58,373,342	58,361,592
Contributed surplus	7,198,062	7,034,550
Deficit	(31,434,794)	(27,077,006)
Accumulated other comprehensive gain	98,337	45,725
Total equity	<u>34,234,947</u>	<u>38,364,861</u>
Contingencies (note 14)		
Subsequent events (note 18)		
	<u>\$ 54,204,325</u>	<u>\$ 54,850,428</u>

See accompanying notes to condensed interim consolidated financial statements.

CANNARA BIOTECH INC.

Condensed Interim Consolidated Statements of Net Loss and Comprehensive Loss
For the three and six-month periods ended February 28, 2021 and February 29, 2020
(Unaudited - in Canadian dollars)

	Three-month periods ended		Six-month periods ended	
	February 28, 2021	February 29, 2020	February 28, 2021	February 29, 2020
Revenue				
Revenue from sale of goods	\$ 1,239,778	\$ 7,354	\$ 2,017,184	\$ 13,075
Excise taxes	(23,132)	–	(23,132)	–
Net revenue from sale of goods	1,216,646	7,354	1,994,052	13,075
Lease revenues	752,457	641,480	1,309,389	1,169,008
Other income	288,651	19,599	322,494	19,599
	2,257,754	668,433	3,625,935	1,201,682
Cost of revenues				
Cost of goods sold (note 4)	765,848	7,947	1,539,036	11,870
Lease operating costs	193,645	190,352	292,492	219,984
Gross profit before fair value adjustments	1,298,261	470,134	1,794,407	969,828
Changes in fair value of inventory sold (note 4)	(447,885)	–	(651,195)	–
Unrealized gain on changes in fair value of biological assets (note 3)	1,244,832	–	454,637	–
Gross profit	2,095,208	470,134	1,597,849	969,828
Operating expenses				
General and administrative (note 11)	869,651	2,216,761	2,013,186	3,699,892
Research and development	682,899	368,675	1,233,293	598,050
Selling, marketing and promotion	242,824	185,513	507,903	401,957
Professional and legal fees	354,962	417,874	678,306	945,907
Share-based compensation (note 10)	49,819	46,453	153,540	278,808
Amortization (note 5, 6 and 7)	251,634	725,074	526,123	1,253,502
Loss on disposal of property, plant and equipment (note 5)	54,224	–	54,224	–
	2,506,013	3,960,350	5,166,575	7,178,116
Operating loss	(410,805)	(3,490,216)	(3,568,726)	(6,208,288)
Net finance expense (note 12)	451,951	246,856	789,062	469,784
Net loss	(862,756)	(3,737,072)	(4,357,788)	(6,678,072)
Other comprehensive loss:				
Foreign currency translation adjustments	38,825	(12,334)	52,612	(15,567)
Total comprehensive loss	\$ (823,931)	\$ (3,749,406)	\$ (4,305,176)	\$ (6,693,639)
Net loss attributable to:				
Shareholders of the Company	\$ (862,756)	\$ (3,529,035)	\$ (4,357,788)	\$ (6,248,267)
Non-controlling interest	–	(208,037)	–	(429,805)
Total net loss	\$ (862,756)	\$ (3,737,072)	\$ (4,357,788)	\$ (6,678,072)
Total comprehensive loss attributable to:				
Shareholders of the Company	\$ (823,931)	\$ (3,536,587)	\$ (4,305,176)	\$ (6,257,798)
Non-controlling interest	–	(212,819)	–	(435,841)
Total comprehensive loss	\$ (823,931)	\$ (3,749,406)	\$ (4,305,176)	\$ (6,693,639)
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Weighted average number of outstanding shares	737,842,039	707,731,575	737,749,067	707,326,749

See accompanying notes to condensed interim consolidated financial statements.

CANNARA BIOTECH INC.

Condensed Interim Consolidated Statements of Changes in Equity
For the six-month periods ended February 28, 2021 and February 29, 2020
(Unaudited - in Canadian dollars)

	Attributable to the shareholders of the Company						Accumulated other comprehensive gain	Total equity
	Shares	Share capital	Contributed surplus	Deficit				
As at August 31, 2020	737,738,815	\$ 58,361,592	\$ 7,034,550	\$ (27,077,006)	\$ 45,725	\$ 38,364,861		
Net loss	-	-	-	(4,357,788)	-	(4,357,788)		
Other comprehensive loss:								
Foreign currency translation adjustments	-	-	-	-	52,612	52,612		
Comprehensive loss	-	-	-	(4,357,788)	52,612	(4,305,176)		
Share-based compensation (note 10)								
Employee compensation	-	-	125,140	-	-	125,140		
Other services	-	-	38,372	-	-	38,372		
	-	-	163,512	-	-	163,512		
Transaction with shareholders of the Company								
Issuance of shares to settle a liability (note 9)	117,506	11,750	-	-	-	11,750		
As at February 28, 2021	737,856,321	\$ 58,373,342	\$ 7,198,062	\$ (31,434,794)	\$ 98,337	\$ 34,234,947		

	Attributable to the shareholders of the Company						Total	Non- controlling interest	Total equity
	Shares	Share capital	Contributed surplus	Deficit	Accumulated other comprehensive loss				
As at August 31, 2019	706,770,705	\$ 54,925,997	\$ 6,676,783	\$ (14,427,946)	\$ (10,099)	\$ 47,164,735	\$ 2,763,781	\$ 49,928,516	
Net loss	-	-	-	(6,248,267)	-	(6,248,267)	(429,805)	(6,678,072)	
Other comprehensive loss:									
Foreign currency translation adjustments	-	-	-	-	(9,531)	(9,531)	(6,036)	(15,567)	
Comprehensive loss	-	-	-	(6,248,267)	(9,531)	(6,257,798)	(435,841)	(6,693,639)	
Share-based compensation									
Employee compensation	-	-	268,136	-	-	268,136	-	268,136	
Other services	-	-	10,672	-	-	10,672	-	10,672	
	-	-	278,808	-	-	278,808	-	278,808	
Transaction with shareholders of the Company									
Warrants exercised	3,200,000	493,554	(173,554)	-	-	320,000	-	320,000	
As at February 29, 2020	709,970,705	\$ 55,419,551	\$ 6,782,037	\$ (20,676,213)	\$ (19,630)	\$ 41,505,745	\$ 2,327,940	\$ 43,833,685	

See accompanying notes to condensed interim consolidated financial statements.

CANNARA BIOTECH INC.

Condensed Interim Consolidated Statements of Cash Flows

For the three and six-month periods ended February 28, 2021 and February 29, 2020

(Unaudited - in Canadian dollars)

	Three-month periods ended		Six-month periods ended	
	February 28, 2021	February 29, 2020	February 28, 2021	February 29, 2020
Cash provided by (used in):				
Operating:				
Net loss	\$ (862,755)	\$ (3,737,072)	\$ (4,357,788)	\$ (6,678,072)
Items not involving cash:				
Changes in fair value				
of inventory sold (note 4)	447,885	–	651,195	–
Unrealized gain on changes in fair value of biological assets (note 3)	(1,244,832)	–	(454,637)	–
Amortization of property, plant and equipment (note 5)	665,774	645,870	1,286,995	1,122,700
Amortization of right-of-use asset (note 6)	45,534	51,092	91,068	93,302
Amortization of intangible asset (note 7)	39,718	28,112	80,765	37,500
Loss on disposal of property, plant and equipment	54,224	–	54,224	–
Interest on lease liabilities	26,960	35,973	56,645	71,191
Interest expense (note 12)	354,042	316,667	653,509	618,535
Interest income	(10,368)	(87,219)	(27,314)	(211,220)
Share-based compensation (note 10)	27,788	46,453	163,512	278,808
Amortization of financing costs (note 8)	7,722	2,489	14,394	14,338
Other	146	–	300	–
Net change in non-cash operating working capital items (note 17)	(1,056,754)	1,271,298	(3,209,161)	(157,144)
	(1,504,916)	(1,426,337)	(4,996,293)	(4,810,062)
Financing:				
Warrants exercised	–	300,000	–	320,000
Proceeds from credit facilities (note 8)	3,000,000	–	4,000,000	–
Credit facilities costs (note 8)	–	–	(31,238)	–
Proceeds from mortgage	–	–	–	6,000,000
Mortgage costs	–	(3,044)	–	(26,739)
Mortgage payments (note 8)	(75,000)	(75,000)	(150,000)	(6,100,000)
Interest paid (note 8)	(352,786)	(159,792)	(543,874)	(461,660)
Lease payments (note 6)	(80,394)	(79,976)	(160,788)	(148,880)
Other long-term debt payments (note 8)	(592)	–	(1,478)	–
	2,491,228	(17,812)	3,112,622	(417,279)
Investing:				
Deposits on property, plant and equipment	115,963	370,473	84,488	370,473
Acquisitions of property, plant and equipment (note 5)	(664,286)	(1,315,817)	(1,492,208)	(7,101,397)
Disposal of property, plant and equipment (note 5)	169,653	–	169,653	–
Acquisition of intangible assets (note 6)	–	(95,551)	–	(154,214)
Interest received	10,870	97,248	25,984	186,029
	(367,800)	(943,647)	(1,212,083)	(6,699,109)
Net change in cash	618,512	(2,387,796)	(3,095,754)	(11,926,450)
Effect of foreign exchange on cash	41,260	(16,514)	55,101	(19,747)
Cash, beginning of period	4,070,752	16,964,105	7,771,177	26,505,992
Cash, end of period	\$ 4,730,524	\$ 14,559,795	\$ 4,730,524	\$ 14,559,795

See accompanying notes to condensed interim consolidated financial statements.

CANNARA BIOTECH INC.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six-month periods ended February 28, 2021 and February 29, 2020

(Unaudited - in Canadian dollars)

1. Nature of operations

Cannara Biotech Inc. (hereafter the "Company" or "Cannara") is a vertically integrated producer of premium-grade indoor cannabis and cannabis derivative products for the Quebec and Canadian markets. The Company operates under *The Cannabis Act* through its indirect wholly owned subsidiary, Cannara Biotech (Québec) Inc. The Company is domiciled in Canada and was incorporated under the laws of British Columbia on October 19, 2017. Its head office is located at 333 Décarie, Suite 200, Ville St-Laurent, Québec, H4N 3M9. The Company's common shares are listed under the symbol "LOVE.V" on the TSX Venture Exchange (the "TSXV") in Canada, "LOVFF" on the OTCQB Venture Market in the United States and "8CB" on the Frankfurt Stock Exchange in Germany.

The Company has completed the construction of 170,000 square feet of its purpose-built modern indoor cultivation facility in our secure 625,000 square feet facility ("Farnham Facility"). Through its subsidiary, Cannara Biotech (Québec) Inc., the Company has obtained its licence from Health Canada to cultivate and process cannabis on January 31, 2020, as further amended on January 6, 2021, to permit Cannara to sell dried cannabis products to provincial retail distributors in Canada. The Company now has the necessary licences to deliver its dried cannabis products to the Société québécoise du cannabis ("SQDC") under its existing Letter of Intent and subsequently launched its three flagship brands – Tribal, Nugz and Orchid CBD – on February 25, 2021 and on March 4, 2021. The Company is in process of obtaining its license to sell cannabis derivative products.

The Company has incurred net losses of approximately \$4.4 million during the six-month period ended February 28, 2021 (2020 - \$6.7 million) and has a deficit of \$31.4 million as at February 28, 2021 (as at August 31, 2020 - \$27.1 million). The Company expects that its existing cash resources of \$4.7 million as at February 28, 2021, along with the forecasted sales with existing customers and available credit facilities, will enable it to fund its planned operating expenses for at least the next twelve months from February 28, 2021.

The Company began its first commercial sales at the end of February 2021 and continues to fulfill market demand with subsequent reorders. However, the ability of the Company to ultimately achieve future profitable operations is dependent upon the continued success of its product and brand pipeline in addition to maintaining the consistency of its grow operations and lean cost structure. The Company anticipates that it will continue to incur losses until commercialization activities have stabilized. The Company expects to finance its operations through its wholesale and retail sales, existing cash, and/or a combination of public or private equity and debt financing or other sources.

CANNARA BIOTECH INC.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six-month periods ended February 28, 2021 and February 29, 2020

(Unaudited - in Canadian dollars)

1. Nature of operations

COVID-19

Since the COVID-19 outbreak was declared a pandemic by the World Health Organization, governments worldwide, including the Canadian and provincial governments, have enacted emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruptions to businesses globally and in Canada resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Company's operating results and financial position in the future. Currently, the effects of COVID-19 have had limited impact on the business; however, the situation is dynamic, and the ultimate duration and magnitude of the impact on the economy and on our business are not known at this time.

2. Basis of preparation and significant accounting policies

(a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB").

These condensed interim consolidated financial statements were approved by the Board of Directors and authorized for issuance on April 28, 2021.

(b) Basis of preparation

The condensed interim consolidated financial statements were prepared using the same accounting policies as set forth in Notes 2 and 3 in the audited financial statements of the Company for the year ended August 31, 2020. These condensed interim consolidated financial statements do not include all the notes required in annual consolidated financial statements. Therefore, these condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto of the Company for the year ended August 31, 2020.

CANNARA BIOTECH INC.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six-month periods ended February 28, 2021 and February 29, 2020

(Unaudited - in Canadian dollars)

2. Basis of preparation and significant accounting policies (continued)

(b) Basis of preparation

The preparation of the Company's condensed interim consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of expenditures, assets and liabilities. Actual results could differ from those estimates.

On an ongoing basis, estimates and judgements are evaluated. The Company bases its estimates on the most probable set of economic conditions and planned course of action, historical experience, known trends and events, and various other factors believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amount of the asset or liability affected in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which these estimates are revised and in any future periods affected.

The critical accounting judgements and key sources of estimate uncertainty are consistent with those in the audited consolidated financial statements and notes thereto to of the Company for the year ended August 31, 2020.

CANNARA BIOTECH INC.

Notes to Condensed Interim Consolidated Financial Statements
For the three and six-month periods ended February 28, 2021 and February 29, 2020
(Unaudited - in Canadian dollars)

3. Biological assets

The Company's biological assets consist of cannabis plants up to the point of harvest. The changes in the carrying values of biological assets are as follows:

Carrying amount, as at August 31, 2020	\$	1,313,370
Production costs capitalized		2,711,562
Net change in fair value due to biological transformation, less cost to sell		454,637
Transferred to inventory upon harvest		(3,393,236)
Carrying amount, as at February 28, 2021	\$	1,086,333

The estimates used in determining the fair value of cannabis plants are as follows:

- expected average wholesale and retail selling price per gram of harvested cannabis;
- expected cost to complete and cost to sell;
- expected yield per cannabis plant;
- stage of completion in the production process (days remaining until harvest); and
- expected plant loss based on their various stages of growth.

The valuation of biological assets is based on an income approach in which the fair value at the point of harvesting is estimated based on selling prices less the costs to sell. For in-process biological assets, the fair value at point of harvest is adjusted based on the stage of growth at period-end. Stage of growth is determined by reference to the time incurred as a percentage of total weeks of growth as applied to estimated total fair value per gram (less costs to complete and costs to sell) to arrive at an in-process fair value for estimated biological assets, which have not yet been harvested.

Because there is no actively traded commodity market for cannabis plants and dried cannabis products, the valuation of the biological assets is obtained using valuations techniques where the inputs are based upon unobservable market data and are classified as level 3 in the fair market value hierarchy. There has been no transfer between levels as at February 28, 2021.

CANNARA BIOTECH INC.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six-month periods ended February 28, 2021 and February 29, 2020

(Unaudited - in Canadian dollars)

3. Biological assets (continued)

Management's identified significant unobservable inputs, their values and sensitivity analysis are presented in the tables below.

The income approach calculates the present value of expected future cash flows from the Company's biological assets using the following inputs for the period ended February 28, 2021:

Unobservable inputs	Input values	Sensitivity analysis
<i>Wholesale and retail selling price</i> Represents the average expected wholesale and retail selling price per gram of dried cannabis, excluding excise taxes, where applicable, which is expected to approximate future wholesale and retail selling prices.	\$0.85 to \$3.50 per gram	An increase or decrease of 5% applied to the selling price would result in a change of approximately \$81,000 to the valuation.
<i>Yield per plant</i> Represents the average number of grams of dried cannabis expected to be harvested from each cannabis plant.	55 grams per plant	An increase or decrease of 5% applied to the average yield per plant would result in a change of approximately \$15,000 to the valuation.
<i>Stage of completion</i> Calculated by taking the average number of days in the cultivation cycle over the total estimated duration of a cultivation cycle which is currently approximately 13 to 14 weeks from clone to harvest.	weighted average stage of completion is 46%	An increase or decrease of 5% applied to the average stage of growth per plant would result in a change of approximately \$54,000 to the valuation.

The Company's estimates are, by their nature, subject to change, and differences from the anticipated yield will be reflected in the gain or loss on biological assets in future periods.

As at February 28, 2021, it is expected that the Company's biological assets will yield approximately 1,113 kilograms of dried cannabis when harvested.

CANNARA BIOTECH INC.

Notes to Condensed Interim Consolidated Financial Statements
For the three and six-month periods ended February 28, 2021 and February 29, 2020
(Unaudited - in Canadian dollars)

4. Inventory

Inventory consists of the following:

	February 28, 2021		
	Capitalized cost	Fair value adjustment	Total
Raw materials - cultivation and supplies	\$ 576,990	\$ -	\$ 576,990
Finished goods - U.S. hemp-based CBD products for resale	101,850	-	101,850
Harvested cannabis			
Dried cannabis and work-in-progress	1,773,480	434,322	2,207,802
Finished goods	545,666	65,084	610,750
Derivative products	96,022	(12,906)	83,116
	\$ 3,094,008	\$ 486,500	\$ 3,580,508

	August 31, 2020		
	Capitalized cost	Fair value adjustment	Total
Raw materials - cultivation and supplies	\$ 295,602	\$ -	\$ 295,602
Finished goods - U.S. hemp-based CBD products for resale	168,387	-	168,387
Harvested cannabis			
Dried cannabis and work-in-progress	357,079	(30,470)	326,609
Finished goods – bulk packaging	105,731	32,022	137,753
	\$ 926,799	\$ 1,552	\$ 928,351

The amount of inventory expensed as cost of goods sold during the three and six-month periods ended February 28, 2021 was \$765,848 and \$1,539,036 (2020 – \$7,947 and \$11,870), including an impairment loss on inventory of \$225,333 and \$428,643 for cannabis where cost exceeds its net realizable value for the three and six-month periods.

CANNARA BIOTECH INC.

Notes to Condensed Interim Consolidated Financial Statements
For the three and six-month periods ended February 28, 2021 and February 29, 2020
(Unaudited - in Canadian dollars)

5. Property, plant and equipment

	Land	Buildings	Facility production equipment	Computer equipment and software	Vehicles	Furniture and fixtures	Total
Cost							
Balance as at August 31, 2020	\$ 1,104,963	\$ 37,629,164	\$ 4,660,531	\$ 1,191,489	\$ 9,940	\$ 1,340,126	\$ 45,936,213
Additions	–	590,486	577,329	25,513	8,500	–	1,201,828
Disposals	(71,910)	(164,687)	–	–	–	–	(236,597)
Balance as at February 28, 2021	\$ 1,033,053	\$ 38,054,963	\$ 5,237,860	\$ 1,217,002	\$ 18,440	\$ 1,340,126	\$ 46,901,444
Accumulated depreciation							
Balance as at August 31, 2020	\$ –	\$ (2,038,419)	\$ (347,506)	\$ (211,813)	\$ (553)	\$ (150,749)	\$ (2,749,040)
Amortization	–	(881,704)	(229,958)	(103,067)	(1,374)	(70,892)	(1,286,995)
Disposals	–	12,720	–	–	–	–	12,720
Balance as at February 28, 2021	\$ –	\$ (2,907,403)	\$ (577,464)	\$ (314,880)	\$ (1,927)	\$ (221,641)	\$ (4,023,315)
Net book value							
Balance as at February 28, 2021	\$ 1,033,053	\$ 35,147,560	\$ 4,660,396	\$ 902,122	\$ 16,513	\$ 1,118,485	\$ 42,878,129

During the second quarter ended February 28, 2021, the Company disposed of a property with the related land for a selling price of \$169,653, which resulted in a loss of \$54,224.

CANNARA BIOTECH INC.

Notes to Condensed Interim Consolidated Financial Statements
For the three and six-month periods ended February 28, 2021 and February 29, 2020
(Unaudited - in Canadian dollars)

5. Property, plant and equipment (continued)

	Land	Buildings	Facility production equipment	Computer equipment and software	Vehicles	Furniture and fixtures	Construction in progress	Total
Cost								
Balance as at								
August 31, 2019	\$ 1,104,963	\$ 11,916,257	\$ -	\$ 53,382	\$ -	\$ 66,565	\$ 26,019,310	\$ 39,160,477
Additions	-	25,768,461	4,696,917	1,138,107	9,940	1,273,561	(26,019,310)	6,867,676
Disposal	-	(27,956)	(28,790)	-	-	-	-	(56,746)
Impairment	-	(27,598)	(7,596)	-	-	-	-	(35,194)
Balance as at								
August 31, 2020	\$ 1,104,963	\$ 37,629,164	\$ 4,660,531	\$ 1,191,489	\$ 9,940	\$ 1,340,126	\$ -	\$ 45,936,213
Accumulated depreciation								
Balance as at								
August 31, 2019	\$ -	\$ (480,232)	\$ -	\$ (14,604)	\$ -	\$ (15,264)	\$ -	\$ (510,100)
Amortization	-	(1,558,187)	(347,506)	(197,209)	(553)	(135,485)	-	(2,238,940)
Balance as at								
August 31, 2020	\$ -	\$ (2,038,419)	\$ (347,506)	\$ (211,813)	\$ (553)	\$ (150,749)	\$ -	\$ (2,749,040)
Net book value								
Balance as at								
August 31, 2020	\$ 1,104,963	\$ 35,590,745	\$ 4,313,025	\$ 979,676	\$ 9,387	\$ 1,189,377	\$ -	\$ 43,187,173

CANNARA BIOTECH INC.

Notes to Condensed Interim Consolidated Financial Statements
For the three and six-month periods ended February 28, 2021 and February 29, 2020
(Unaudited - in Canadian dollars)

6. Right-of-use assets and lease liabilities

(a) Right-of-use assets

Cost	
Balance as at February 28, 2021 and August 31, 2020	\$ 765,780
Accumulated depreciation	
Balance as at August 31, 2020	\$ (308,881)
Amortization	(91,068)
Balance as at February 28, 2021	\$ (399,949)
Net book value	
Balance as at August 31, 2020	\$ 456,899
Balance as at February 28, 2021	365,831

(b) Lease liabilities

	February 28, 2021	August 31, 2020
Maturity analysis - contractual undiscounted cash flows:		
Less than one year	\$ 295,899	\$ 312,867
One to five years	378,188	521,895
Total undiscounted lease liabilities	\$ 674,087	\$ 834,762
Current	\$ 212,355	\$ 209,268
Non-current	335,266	442,496
Lease liabilities included in the condensed interim consolidated statement of financial position	\$ 547,621	\$ 651,764
Balance as at August 31, 2020	\$	651,764
Rent paid		(160,788)
Interest on lease liabilities		56,645
Balance as at February 28, 2021	\$	547,621

CANNARA BIOTECH INC.

Notes to Condensed Interim Consolidated Financial Statements
For the three and six-month periods ended February 28, 2021 and February 29, 2020
(Unaudited - in Canadian dollars)

7. Intangible asset

Net carrying value, August 31, 2020	\$	162,324
Amortization		(80,765)
Foreign currency translation adjustments		(2,489)
Net carrying value, February 28, 2021	\$	79,070

The intangible asset relates to the e-commerce platform, ShopCBD.com.

8. Financing

(a) Mortgages payable

Net carrying value, August 31, 2020	\$	12,274,263
Payments		(150,000)
Amortization of deferred financing costs		6,483
Net carrying value, February 28, 2021	\$	12,130,746

	February 28, 2021	August 31, 2020
Mortgage payable, bearing interest at 13% per annum due monthly, repayable entirely in a lump sum on March 6, 2023 ⁽ⁱ⁾	\$ 6,550,000	\$ 6,550,000
Less: unamortized financing costs	(1,202)	(6,855)
Mortgage payable, bearing interest at prime plus 2% per annum, \$25,000 due monthly, repayable over 240 equal installments, ending on October 9, 2039 ⁽ⁱⁱ⁾	5,600,000	5,750,000
Less: unamortized financing costs	(18,052)	(18,882)
	12,130,746	12,274,263
Short-term portion of mortgages payable	(300,000)	(300,000)
	\$ 11,830,746	\$ 11,974,263

CANNARA BIOTECH INC.

Notes to Condensed Interim Consolidated Financial Statements
For the three and six-month periods ended February 28, 2021 and February 29, 2020
(Unaudited - in Canadian dollars)

8. Financing (continued)

(a) Mortgages payable

- (i) The mortgage is secured by a second ranking hypothec on the land and building and by an additional hypothec equal to 20% of the balance of purchase of the land and building. During the three and six-month periods ended February 28, 2021 the Company recognized \$209,959 and \$422,251 as interest expense (2020 - \$88,048 and \$139,764) for this mortgage. As at February 28, 2021, accrued interest of \$65,321 was included in accounts payable and accrued liabilities (2020 - \$144,638). On March 2, 2021, the Company obtained a letter to extend the maturity date from March 6, 2020 to March 6, 2023.
- (ii) As at February 28, 2021, the interest rate related to this mortgage was 4.45%. The mortgage is secured by a guarantee executed by a related party. The mortgage also contains a financial covenant requiring the Company to maintain a debt service ratio of no less than 1.25 to 1.0 at each year-end. During the three and six-month periods ended February 28, 2021, the Company recognized \$61,809 and \$125,121 as interest expense (2020 - \$228,619 and \$478,771) for this mortgage. As at February 28, 2021, accrued interests of \$12,972 were included in accounts payable and accrued liabilities (2020 - \$15,423). Subsequent to quarter-end, the type of interest rate was changed for a banker acceptance interest rate, renewable on a monthly basis, which resulted in a lower interest rate.

(b) Long-term debt

The long-term debt was incurred to finance the purchase of certain equipment. The debt is reimbursable monthly over 36 equal installments, ending May 2023, and does not bear interest.

	February 28, 2021	August 31, 2020
Maturity analysis - contractual undiscounted cash flows:		
Less than one year	\$ 3,546	\$ 3,546
One to five years	4,432	6,205
Total undiscounted long-term debt	\$ 7,978	\$ 9,751
Current	\$ 3,274	\$ 2,039
Non-current	4,303	7,124
Long-term debt included in the condensed consolidated statement of financial position	\$ 7,577	\$ 9,163

CANNARA BIOTECH INC.

Notes to Condensed Interim Consolidated Financial Statements
For the three and six-month periods ended February 28, 2021 and February 29, 2020
(Unaudited - in Canadian dollars)

8. Financing (continued)

(c) Credit facilities

Net carrying value, August 31, 2020	\$	–
Proceeds from credit facilities		4,000,000
Deferred financing costs		(31,238)
Amortization of deferred financing costs		7,911
Net carrying value, February 28, 2021	\$	3,976,673

		February 28, 2021
Credit facility A, bearing interest at 13% per annum due monthly, repayable entirely in a lump sum on March 25, 2022 ⁽ⁱ⁾	\$	1,000,000
Credit facility B, bearing interest at 13% per annum due monthly, repayable entirely in a lump sum on May 6, 2022 ⁽ⁱ⁾		3,000,000
Less: unamortized financing costs		(23,327)
	\$	3,976,673

⁽ⁱ⁾ The credit facilities are secured by a first ranking movable hypothec over a universality of movable property, present and future, corporeal and incorporeal. As at February 28, 2021, the Company had \$1,000,000 available that can be withdrawn on the credit facilities in a tranche of \$1,000,000. Repayment of the credit facilities is required within eighteen months of disbursement of each credit facility.

During the three and six-month periods ended February 28, 2021, the Company recognized \$82,274 and \$106,137 as interest expense (2020 - nil). As at February 28, 2021, accrued interests of \$31,342 were included in accounts payable and accrued liabilities (2020 - nil).

CANNARA BIOTECH INC.

Notes to Condensed Interim Consolidated Financial Statements
For the three and six-month periods ended February 28, 2021 and February 29, 2020
(Unaudited - in Canadian dollars)

9. Share capital

(a) Authorized

The Company has an unlimited number of voting and participating common shares.

(b) Transactions on share capital

On November 23, 2020, the Company issued a total of 100,720 shares to settle a liability to a third party in the amount of \$10,072.

On February 1, 2021, the Company issued a total of 16,786 shares to settle a liability to third party in the amount of \$1,678.

10. Share-based compensation

The Company has established a share option plan whereby certain personnel may be granted options to acquire shares under the terms of the employee share option plan or shares may be granted to third parties in exchange for services. The number and characteristics of share options granted under the employee share option plan are determined by the Board of Directors of the Company but cannot exceed 10% of the outstanding balance of shares issued. The characteristics of share options granted to third parties for services are determined on a case-by-case basis.

The share options granted under the employee share option plan vest 25% after the first anniversary of the grant date with the remainder vesting in 36 monthly consecutive equal installments and expire five years from the date of issue. The plan provides for the issuance of common shares at an exercise price determined by the Board of Directors which is not lower than the fair value of the common shares on the grant date. Outstanding options under the plan are granted with service requirements (or service conditions) and become exercisable upon vesting. The share options granted to third parties for services have vesting terms determined on a case-by-case basis.

CANNARA BIOTECH INC.

Notes to Condensed Interim Consolidated Financial Statements
For the three and six-month periods ended February 28, 2021 and February 29, 2020
(Unaudited - in Canadian dollars)

10. Share-based compensation (continued)

The activity of outstanding share options for the six-month period ended February 28, 2021 was as follows:

	Number	Weighted average exercise price
Outstanding, beginning of period	41,929,793	\$ 0.20
Granted	2,207,000	0.18
Forfeited	(3,749,999)	0.18
Expired	(335,209)	0.18
Outstanding, end of period	40,051,585	\$ 0.20
Exercisable, end of period	26,314,667	\$ 0.22

During the first quarter ended November 30, 2020, the Company granted 250,000 options that vested immediately.

During the second quarter ended February 28, 2021, the Company granted 1,957,000 options that vest accordingly with the employee share option plan.

The share options forfeited relate to the share options held by directors and/or employees that are no longer part of the Company.

CANNARA BIOTECH INC.

Notes to Condensed Interim Consolidated Financial Statements
For the three and six-month periods ended February 28, 2021 and February 29, 2020
(Unaudited - in Canadian dollars)

10. Share-based compensation (continued)

The estimated fair value of the share options at the grant date was measured using the Black-Scholes option pricing model and the following weighted average inputs and assumptions:

Granted	Six-month period ended February 28, 2021	
Share price	\$	0.10
Exercise price	\$	0.18
Risk-free interest rate ⁽ⁱ⁾		0.36%
Expected life ⁽ⁱⁱ⁾		5 years
Expected price volatility ⁽ⁱⁱⁱ⁾		101%
Fair value of the option	\$	0.07
Expected dividend yield ^(iv)		Nil

- (i) The risk-free interest rate was based on the Bank of Canada government bonds rates in effect at grant date for time periods approximately equal to the expected life of the option.
- (ii) The expected life of the options reflects the assumption of future exercise patterns that may occur.
- (iii) Expected price volatility was estimated based on historical volatility of the Company's shares.
- (iv) The expected dividend yield has been estimated at nil as the Company has never paid cash dividends and does not expect to do so in the foreseeable future.

During the three and six-month periods ended February 28, 2021, the Company recorded a share-based compensation expense of \$27,788 and \$163,512 (2020 - \$46,453 and \$278,808), for which \$49,819 and \$153,540 was recognized in the consolidated statement of loss and comprehensive loss (2020 - \$46,453 and \$278,808) and \$(22,031) and \$9,972 was classified in the calculation of the cannabis valuation (2020 – nil).

CANNARA BIOTECH INC.

Notes to Condensed Interim Consolidated Financial Statements
For the three and six-month periods ended February 28, 2021 and February 29, 2020
(Unaudited - in Canadian dollars)

11. General and administrative

	Three-month periods ended		Six-month periods ended	
	February 28, 2021	February 29, 2020	February 28, 2021	February 29, 2020
Salaries and benefits	\$ 470,440	\$ 1,047,553	\$ 1,174,200	\$ 1,959,180
Administrative and regulatory expense	228,810	599,957	431,866	794,600
Facility expense	153,360	505,245	370,287	790,885
Travel	17,041	64,006	36,833	155,227
General and administrative	\$ 869,651	\$ 2,216,761	\$ 2,013,186	\$ 3,699,892

12. Net finance expense

	Three-month periods ended		Six-month periods ended	
	February 28, 2021	February 29, 2020	February 28, 2021	February 29, 2020
Interest income	\$ 10,368	\$ 87,219	\$ 27,314	\$ 211,220
Foreign exchange gain	–	24,486	–	27,143
Finance income	10,368	111,705	27,314	238,363
Interest on mortgages	271,768	316,667	547,372	618,535
Interest on credit facilities	82,274	–	106,137	–
Interest on lease liabilities	26,960	35,973	56,645	71,191
Amortization of financing costs	7,722	2,489	14,394	14,338
Other finance expense	7,582	3,432	7,680	4,083
Foreign exchange loss	66,013	–	84,148	–
Finance expense	462,319	358,561	816,376	708,147
Net finance expense	\$ 451,951	\$ 246,856	\$ 789,062	\$ 469,784

CANNARA BIOTECH INC.

Notes to Condensed Interim Consolidated Financial Statements
For the three and six-month periods ended February 28, 2021 and February 29, 2020
(Unaudited - in Canadian dollars)

13. Financial instruments

Fair value measurements

The fair value of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts due to the short-term maturity of those instruments.

The fair value of the long-term debt, credit facilities and mortgages payable approximate their carrying amounts, as the interest rate approximates the current market rate.

14. Contingencies

In the normal course of business, the Company may be involved in various legal and regulatory proceedings. The Company believes that the resolution of these proceedings will not have a material favourable or unfavourable effect on its condensed interim consolidated statement of financial position or financial performance. As at February 28, 2021, there are no material claims in favor or against the Company.

15. Segment disclosures

(a) Reportable segments

The Company operates in two segments: (1) Indoor cannabis operations which encompasses the cultivation, processing and sale of dried cannabis and cannabis derivatives exclusively for the Quebec and Canadian market ("Cannabis operations") and (2) Real estate operations related to the Farnham building ("Real estate operations").

The chief operating decision-maker assesses performance based on segment operating results which were defined as segment operating income (loss) before share-based compensation, amortization, net finance expense, loss on disposal of property, plant and equipment and income tax. Categorized as Other are items related to U.S. hemp-based CBD products revenues and related operating costs. The accounting policies of the segments are the same as those described in Note 3 of the audited financial statements of the Company for the year ended August 31, 2020.

CANNARA BIOTECH INC.

Notes to Condensed Interim Consolidated Financial Statements
For the three and six-month periods ended February 28, 2021 and February 29, 2020
(Unaudited - in Canadian dollars)

15. Segment disclosures (continued)

(a) Reportable segments (continued)

	Three-month period ended February 28, 2021				Three-month period ended February 29, 2020			
	Cannabis operations	Real estate operations	Other	Total	Cannabis operations	Real estate operations	Other	Total
Revenue								
Revenue from sale of goods	\$ 1,203,932	\$ –	\$ 35,846	\$ 1,239,778	\$ –	\$ –	\$ 7,354	\$ 7,354
Excise taxes	(23,132)	–	–	(23,132)	–	–	–	–
Net revenue from sale of goods	1,180,800	–	35,846	1,216,646	–	–	7,354	7,354
Lease revenue	–	752,457	–	752,457	–	641,480	–	641,480
Other income	288,651	–	–	288,651	19,599	–	–	19,599
	1,469,451	752,457	35,846	2,257,754	19,599	641,480	7,354	668,433
Cost of revenues								
Cost of goods sold	736,430	–	29,418	765,848	–	–	7,947	7,947
Lease operating costs	–	193,645	–	193,645	–	190,352	–	190,352
Segment gross profit (loss) before fair value adjustments	733,021	558,812	6,428	1,298,261	19,599	451,128	(593)	470,134
Changes in fair value of inventory sold	(447,885)	–	–	(447,885)	–	–	–	–
Unrealized gain on changes in fair value of biological assets	1,244,832	–	–	1,244,832	–	–	–	–
Segment gross profit (loss)	1,529,968	558,812	6,428	2,095,208	19,599	451,128	(593)	470,134
Operating expenses	2,050,379	–	99,957	2,150,336	2,587,854	–	600,969	3,188,823
Segment operating income (loss)	(520,411)	558,812	(93,529)	(55,128)	(2,568,255)	451,128	(601,562)	(2,718,689)
Share-based compensation	–	–	49,819	49,819	–	–	46,453	46,453
Amortization	–	–	251,634	251,634	–	–	725,074	725,074
Net finance expense	–	–	451,951	451,951	–	–	246,856	246,856
Loss on disposal of property, plant and equipment	–	–	54,224	54,224	–	–	–	–
Net income (loss)	\$ (520,411)	\$ 558,812	\$ (901,157)	\$ (862,756)	\$ (2,568,255)	\$ 451,128	\$ (1,619,945)	\$ (3,737,072)

CANNARA BIOTECH INC.

Notes to Condensed Interim Consolidated Financial Statements
For the three and six-month periods ended February 28, 2021 and February 29, 2020
(Unaudited - in Canadian dollars)

15. Segment disclosures (continued)

(a) Reportable segments (continued)

	Six-month period ended February 28, 2021				Six-month period ended February 29, 2020			
	Cannabis operations	Real estate operations	Other	Total	Cannabis operations	Real estate operations	Other	Total
Revenue								
Revenue from sale of goods	\$ 1,883,057	\$ –	\$ 134,127	\$ 2,017,184	\$ –	\$ –	\$ 13,075	\$ 13,075
Excise taxes	(23,132)	–	–	(23,132)	–	–	–	–
Net revenue from sale of goods	1,859,925	–	134,127	1,994,052	–	–	13,075	13,075
Lease revenue	–	1,309,389	–	1,309,389	–	1,169,008	–	1,169,008
Other income	322,494	–	–	322,494	19,599	–	–	19,599
	2,182,419	1,309,389	134,127	3,625,935	19,599	1,169,008	13,075	1,201,682
Cost of revenues								
Cost of goods sold	1,426,384	–	112,652	1,539,036	–	–	11,870	11,870
Lease operating costs	–	292,492	–	292,492	–	219,984	–	219,984
Segment gross profit before fair value adjustments	756,035	1,016,897	21,475	1,794,407	19,599	949,024	1,205	969,828
Changes in fair value of inventory sold	(651,195)	–	–	(651,195)	–	–	–	–
Unrealized gain on changes in fair value of biological assets	454,637	–	–	454,637	–	–	–	–
Segment gross profit	559,477	1,016,897	21,475	1,597,849	19,599	949,024	1,205	969,828
Operating expenses	4,086,700	–	345,988	4,432,688	4,522,784	–	1,123,022	5,645,806
Segment operating income (loss)	(3,527,223)	1,016,897	(324,513)	(2,834,839)	(4,503,185)	949,024	(1,121,817)	(4,675,978)
Share-based compensation	–	–	153,540	153,540	–	–	278,808	278,808
Amortization	–	–	526,123	526,123	–	–	1,253,502	1,253,502
Net finance expense	–	–	789,062	789,062	–	–	469,784	469,784
Loss on disposal of property, plant and equipment	–	–	54,224	54,224	–	–	–	–
Net income (loss)	\$ (3,527,223)	\$ 1,016,897	\$ (1,847,462)	\$ (4,357,788)	\$ (4,503,185)	\$ 949,024	\$ (3,123,911)	\$ (6,678,072)

CANNARA BIOTECH INC.

Notes to Condensed Interim Consolidated Financial Statements
For the three and six-month periods ended February 28, 2021 and February 29, 2020
(Unaudited - in Canadian dollars)

15. Segment disclosures (continued)

(b) Entity-wide disclosures

All property, plant and equipment are located in Canada. All intangible assets are located in the United States.

(c) Sources of lease revenues

The Company leased 425,480 square feet of the total 625,000 available square feet to third parties. For the period ended February 28, 2021, the Company realized 100% of its lease revenue with two lessees:

- Tenant A's lease term is until September 30, 2022. Lease revenues from this tenant for the three and six-month periods ended February 28, 2021 amounted to \$67,485 and \$134,971.
- Tenant B's lease term is until October 31, 2022, if renewal clauses are not exercised. Lease revenues from this tenant for the three and six-month periods ended February 28, 2021 amounted to \$570,061 and \$760,081.

Starting January 1, 2021, Tenant B rented additional space until October 31, 2022, if renewal clauses are not exercised. Lease revenues from this tenant for the three and six-month periods ended February 28, 2021 amounted to \$114,911 and \$114,911.

- Tenant C's lease terminated on October 31, 2020. Lease revenues from this tenant for the three and six-month periods ended February 28, 2021 amounted to nil and \$299,426.

Income is generated from customers domiciled in Canada.

(d) Source of cannabis revenues

For the three and six-month periods ended February 28, 2021, the Company has generated 90% and 94% of its cannabis-related revenues with one customer.

CANNARA BIOTECH INC.

Notes to Condensed Interim Consolidated Financial Statements
For the three and six-month periods ended February 28, 2021 and February 29, 2020
(Unaudited - in Canadian dollars)

16. Related parties

(a) Key management personnel compensation

Key management personnel are the people who have the authority and responsibility for planning, directing and controlling the business activities of the Company and include all of its directors and chief executives.

The compensations of key management personnel, including directors' fees, salaries and benefits were as follows:

	Three-month periods ended		Six-month periods ended	
	February 28, 2021	February 29, 2020	February 28, 2021	February 29, 2020
Salaries and benefits	\$ 50,000	\$ 168,000	\$ 134,000	\$ 336,000
Share-based compensation	44,906	68,859	47,549	141,566
Board of Directors' fees	17,500	9,000	28,750	34,500
	\$ 112,406	\$ 245,859	\$ 210,299	\$ 512,066

(b) Other transactions with related parties

Related parties include entities related by virtue of key management personnel and directors exercising significant influence or control over the entities' financial and operating policies.

The following provides the transaction amounts by nature with related parties:

Nature of transactions:	Three-month periods ended		Six-month periods ended	
	February 28, 2021	February 29, 2020	February 28, 2021	February 29, 2020
Management fees ⁽ⁱ⁾	\$ 2,383	\$ 21,480	\$ 10,126	\$ 34,621
Interest on mortgage and credit facilities ⁽ⁱ⁾	292,233	209,958	528,388	460,110
	\$ 294,616	\$ 231,438	\$ 538,514	\$ 494,731

CANNARA BIOTECH INC.

Notes to Condensed Interim Consolidated Financial Statements
For the three and six-month periods ended February 28, 2021 and February 29, 2020
(Unaudited - in Canadian dollars)

16. Related parties (continued)

(b) Other transactions with related parties (continued)

	February 28, 2021	August 31, 2020
Balances due from (due to) related parties are as follows:		
Accounts payable and accrued liabilities ⁽ⁱ⁾	\$ (99,046)	\$ (144,638)
Accounts payable to key management personnel ⁽ⁱⁱ⁾	(7,151)	(29,808)
Accounts payable to Board of Directors members	(6,169)	(12,500)
Credit facilities ⁽ⁱ⁾	(4,000,000)	–
Mortgage payable ⁽ⁱ⁾	(6,550,000)	(6,550,00)

(i) The Company has a Director who is a shareholder in an entity with which the Company entered into various transactions for the leases on the Farnham Facility, the credit facilities and the related mortgage payable.

(ii) Accounts payable relates to accrued salary and vacation for key management personnel.

Related party transactions have been recorded at the exchange amount, which is the amount agreed to and established by the related parties.

17. Cash flow information

Net change in non-cash working capital items:

	Three-month periods ended		Six-month periods ended	
	February 28, 2021	February 29, 2020	February 28, 2021	February 29, 2020
Accounts receivable	\$ (543,278)	\$ 215,356	\$ (728,361)	\$ 62,548
Sales tax receivable	133,534	442,829	225,666	137,545
Lease receivable	12,333	–	24,668	–
Biological assets	(1,398,032)	–	(2,711,562)	–
Inventory	(48,673)	20,413	89,884	(253,592)
Prepaid expenses and other assets	14,373	71,041	(113,129)	6,214
Deposits	55,089	6,409	55,089	(96,925)
Accounts payable and accrued liabilities	509,641	487,046	(254,135)	(41,138)
Deferred lease revenue	(18,530)	–	(18,530)	–
Deferred grant income	226,789	28,204	221,249	28,204
	\$ (1,056,754)	\$ 1,271,298	\$ (3,209,161)	\$ (157,144)

CANNARA BIOTECH INC.

Notes to Condensed Interim Consolidated Financial Statements
For the three and six-month periods ended February 28, 2021 and February 29, 2020
(Unaudited - in Canadian dollars)

17. Cash flow information (continued)

Supplemental information in the statement of cash flows:

	Three-month periods ended		Six-month periods ended	
	February 28, 2021	February 29, 2020	February 28, 2021	February 29, 2020
Variation of intangible assets included in accounts payable and accrued liabilities	\$ -	\$ (31,396)	\$ -	\$ 36,766
Variation of property, plant and equipment Included in accounts payable and accrued liabilities	290,380	(118,025)	290,380	2,588,933
Addition to right-of-use assets and lease liabilities	-	25,329	-	94,290

18. Subsequent events

Listing on TSXV

On April 8, 2021, the Company announced that its common shares will be listed on the TSXV. The securities of the Company were delisted from the Canadian Stock Exchange ("CSE") with no resulting change to the Company's ticker (LOVE).

SQDC Sales

Subsequent to period-end, the Company continues to receive weekly purchase orders from the SQDC for its products across the Company's entire brand portfolio. Since March 1, 2021, the Company has delivered over 500kg of cannabis to the SQDC.

Wholesale Contracts

Subsequent to period-end, the Company entered into additional wholesale agreements to sell approximately 1,400 kg of cannabis it had in inventory for a total value of \$1,265,000.

Stock options

On April 28, 2021, the Company issued a total of 110,000 options to certain employees at an exercise price of \$0.18.

Subsequent to period-end, a total of 3,625,000 options at \$0.10 were exercised for a total consideration of \$362,500.