RIV CAPITAL INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JUNE 30, 2021, AND 2020

(IN CANADIAN DOLLARS)

RIV CAPITAL INC.

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RIV CAPITAL INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in CDN $000's)	Notes		As at June 30, 2021		As at March 31, 2021
Assets					
Current assets					
Cash		$	212,452	$	127,882
Interest and royalty receivable, net of provision for credit losses	7		2,754		2,608
Income tax receivable			7,245		-
Other receivables			79		460
Prepaid expenses and other assets			720		781
			223,250		**131,731**
Finance lease receivable	5		-		2,870
Interest receivable - long term, net of provision for credit losses	7		1,822		1,612
Right-of-use assets			365		402
Equity method investees	6		7,019		7,366
Financial assets at fair value through profit or loss	7		27,500		164,030
Financial assets at fair value through other comprehensive income	8		21,200		23,218
Deferred tax asset			1,827		4,001
Other long-term assets			121		132
			59,854		**203,631**
Total assets		**$**	**283,104**	**$**	**335,362**
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities		$	1,731	$	2,944
Income tax payable	11		-		17,538
Lease liability - current			158		156
Financial guarantee liability	4(b)		-		3,000
			1,889		**23,638**
Lease liability - non-current			223		264
Total liabilities			**2,112**		**23,902**
Shareholders' equity					
Share capital	9		241,353		240,874
Share-based payment reserve			17,887		17,921
Contributed surplus			58,859		58,859
Deficit			(37,107)		(6,194)
			280,992		**311,460**
Total liabilities and shareholders' equity		**$**	**283,104**	**$**	**335,362**

Commitments and contingencies (Note 13)

Subsequent events (Note 15)

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

RIV CAPITAL INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Expressed in CDN $000's, except for per share amounts)	Notes		Three months ended June 30, 2021		Three months ended June 30, 2020
Operating income					
Lease income on finance lease receivable	5	$	114	$	167
Interest income on loans receivable			-		1,205
Royalty and interest income on financial assets at fair value through profit or loss	7		452		1,295
Change in provision for credit losses on interest and royalty receivables	12		(127)		(5)
Operating income (before equity method investees and fair value changes)			**439**		**2,662**
Operating expenses					
General and administrative expenses			1,666		1,342
Consulting and professional fees			394		376
Share-based compensation	9		400		909
Depreciation and amortization expense			50		42
Total operating expenses			**2,510**		**2,669**
Net operating loss (before equity method investees and fair value changes)			**(2,071)**		**(7)**
Share of income (loss) from equity method investees					
PharmHouse			-		(4,418)
Other	6		(347)		433
Net changes in fair value of financial assets at fair value through profit or loss	7		(36,185)		1,630
Change in provision for credit losses on financial guarantee liability	4(b)		1,935		-
Net operating loss			**(36,668)**		**(2,362)**
Other expenses (income)					
Interest expense			6		8
Gain on disposition of finance lease receivable	5		(1,103)		-
Other expenses (income), net			(256)		1,056
Loss before taxes			**(35,315)**		**(3,426)**
Income tax recovery	11		(4,894)		-
Net loss		**$**	**(30,421)**	**$**	**(3,426)**
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 recovery of $75 (2020 - $nil)	8		(492)		10,701
Total comprehensive income (loss)		**$**	**(30,913)**	**$**	**7,275**
Loss per share - basic	14	**$**	**(0.21)**	**$**	**(0.02)**
Loss per share - diluted	14	**$**	**(0.21)**	**$**	**(0.02)**

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

RIV CAPITAL INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in CDN $000's)	Notes		Three months ended June 30, 2021		Three months ended June 30, 2020
Cash flows used in operating activities					
Net loss		$	(30,421)	$	(3,426)
Adjustments for:					
Income on finance lease receivable	5		(114)		(167)
Share-based compensation expense	9		400		909
Share of loss (income) from equity method investees					
PharmHouse			-		4,418
Other	6		347		(433)
Net changes in fair value of financial assets at fair value through profit or loss	7		36,185		(1,630)
Change in provision for credit losses on financial guarantee liability	4(b)		(1,935)		-
Gain on disposition of finance lease receivable	5		(1,103)		-
Interest expense			6		8
Income tax recovery	11		(4,894)		-
Other non-cash expenses			49		34
Increase in interest and royalty receivable, net of provision for credit losses			(147)		(706)
Decrease in other receivables			381		-
Increase in income tax receivable			(7,245)		-
Decrease in prepaid expenses and other assets			61		100
Increase in interest receivable - long term	7		(210)		(206)
Decrease in brokerage payments deposit			-		833
Increase (decrease) in accounts payable and accrued liabilities			6,033		(541)
Net cash used in operating activities before income taxes paid			(2,607)		(807)
Income taxes paid			(17,640)		-
Net cash used in operating activities		**$**	**(20,247)**	**$**	**(807)**
Cash flows provided bv (used in) investing activities					
Investment in financial assets at fair value through profit or loss	7		-		(2,000)
Disposition of financial assets at fair value through profit or loss	7		106,815		-
Disposition of financial assets at fair value through other comprehensive income	8		1,451		-
Payment of financial guarantee liability	4(b)		(7,535)		-
Payments from finance lease receivable			95		145
Disposition of finance lease receivable	5		3,990		-
Purchase of other long-term assets			-		(72)
Net cash provided by (used in) investing activities		**$**	**104,816**	**$**	**(1,927)**
Cash flows provided by (used in) financing activities					
Payment of lease principal			(44)		(44)
Proceeds from exercise of stock options and warrants	9		45		92
Shares repurchased under normal course issuer bid	9		-		(126)
Net cash provided by (used in) financing activities		**$**	**1**	**$**	**(78)**
Net increase (decrease) in cash		$	84,570	$	(2,812)
Cash, beginning of fiscal period			127,882		46,724
Cash, end of fiscal period		**$**	**212,452**	**$**	**43,912**

RIV CAPITAL INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS 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	Deficit	Shareholders' equity
Balance at March 31, 2020	36,468,318	152,837,131	$ 284,646	$ 28,288	$ 58,859	$ (73,515)	$ 298,278
Shares repurchased and cancelled under normal course issuer bid	-	(109,100)	(136)	-			(136)
Repayment of share purchase loans	-	-	32	-	-	-	32
Issuance of Subordinated Voting Shares pursuant to repayment of share purchase loans	-	638,891	1,582	(1,582)	-	-	-
Exercise of options (excluding seed capital options)	-	100,000	358	(299)	-	-	59
Share-based compensation (seed capital options)	-	-	-	59	-	-	59
Share-based compensation (consultant, and employee and director options)	-	-	-	733	-	-	733
Share-based compensation (Restricted Share Units)	-	-	-	117	-	-	117
Net loss	-	-	-	-	-	(3,426)	(3,426)
Other comprehensive income	-	-	-	-	-	10,701	10,701
Balance at June 30, 2020	**36,468,318**	**153,466,922**	**$ 286,482**	**$ 27,316**	**$ 58,859**	**$ (66,240)**	**$ 306,417**
Balance at March 31, 2021	-	142,084,523	$ 240,874	$ 17,921	$ 58,859	$ (6,194)	$ 311,460
Exercise of options (excluding seed capital options)	-	97,272	341	(296)	-	-	45
Redemption of performance share units	-	253,342	138	(138)	-	-	-
Share-based compensation (consultant, and employee and director options)	-	-	-	273	-	-	273
Share-based compensation (restricted share units)	-	-	-	60	-	-	60
Share-based compensation (performance share units)	-	-	-	67	-	-	67
Net loss	-	-	-	-	-	(30,421)	(30,421)
Other comprehensive loss	-	-	-	-	-	(492)	(492)
Balance at June 30, 2021	**-**	**142,435,137**	**$ 241,353**	**$ 17,887**	**$ 58,859**	**$ (37,107)**	**$ 280,992**

1. DESCRIPTION OF BUSINESS

RIV Capital Inc. (the "Company" or "RIV Capital") is the parent company of RIV Capital Corporation ("RCC"). RIV Capital is a publicly-traded corporation listed on the Toronto Stock Exchange (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"). Immediately prior to the Qualifying Transaction, the Company changed its name from "AIM2 Ventures Inc." to "Canopy Rivers Inc."

Prior to completion of the CGC Transaction (as defined herein), the Company was controlled by Canopy Growth Corporation ("CGC"). The Company operated as a venture capital firm specializing in cannabis, identifying strategic counterparties seeking financial and/or operating support, and aimed to provide investor returns through dividends and capital appreciation, while generating interest, lease, and royalty income to finance employee compensation, professional fees, and other general and administrative costs associated with operating the business to generate these returns.

On February 23, 2021, the Company, RCC, CGC, and The Tweed Tree Lot Inc., a wholly-owned subsidiary of CGC, ("Tweed Tree Lot") completed a plan of arrangement under the 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".

2. BASIS OF PRESENTATION

(a) Statement of compliance

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

The Interim Financial Statements were authorized for issue by the Company's Board of Directors (the "Board") on August 13, 2021.

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

(b) Basis of measurement

The Interim Financial Statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Please refer to Notes 7, 8, and 12 for fair value considerations.

(c) Basis of preparation

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

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

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

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

(d) Principles of consolidation

The Interim Financial Statements represent accounts of the Company and its subsidiaries. Control is achieved when the Company:

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

As at June 30, 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. CHANGES IN ACCOUNTING POLICY

The significant accounting policies used in preparing the Interim Financial Statements are unchanged from those disclosed in the Annual Financial Statements and have been applied consistently to all periods presented in the Interim Financial Statements.

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

Amendments to IAS 37, Onerous Contracts

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

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.

4. 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

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

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

b) PharmHouse Guarantee

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

Concurrent with the closing of the PharmHouse Sale, the Company made a payment of $7,535 to the Lenders (the "Second Guarantee Payment"). Accordingly, as at June 30, 2021, the Company had made payments of $32,535 to the Lenders in respect of its obligations pursuant to the PharmHouse Guarantee, including a $25,000 payment made by the Company to the Lenders on March 16, 2021 (the "First Guarantee Payment"). The net proceeds received from the PharmHouse Sale, when combined with the First Guarantee Payment and the Second Guarantee Payment, among other items, satisfied all obligations outstanding pursuant to the PharmHouse Credit Facility. The PharmHouse Credit Facility was terminated and cancelled; as a result, the Company is entitled to any cash available for distribution upon the termination of the CCAA Proceedings.

As at June 30, 2021, the Company estimated that the cash available for distribution upon the termination of the CCAA Proceedings to be $6,470 (March 31, 2021 – not applicable) and has recognized a financial asset for this amount on its statement of financial position. Accordingly, during the three months ended June 30, 2021, the Company recognized a recovery in the provision for expected credit losses on the PharmHouse Guarantee of $1,935 (three months ended June 30, 2020 – $nil) after derecognizing the PharmHouse Guarantee liability, which was estimated to be $3,000 as at March 31, 2021. Please refer to Note 7(k) for additional details on the estimated distribution upon the termination of the CCAA Proceedings.

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

c) Statement of claim

As at June 30, 2021, the statement of claim received by the Company on February 10, 2021, as disclosed in the Audited Financial Statements (the "Revised Claim") remained outstanding. The Revised Claim was filed by the PharmHouse Majority Shareholder and concerns certain disputes relating to PharmHouse. 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, if necessary. The Company has not recognized any provision relating to the Revised Claim.

5. FINANCE LEASE RECEIVABLE

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

On June 2, 2021, the Company closed a definitive purchase and sale agreement with Tweed Tree Lot to sell the property in exchange for cash consideration of $3,990 (net of transaction costs). At the time of disposition, the finance lease receivable had a carrying amount of $2,887. Accordingly, during the three months ended June 30, 2021, the Company recognized a gain on disposition of the finance lease receivable of $1,103 (three months ended June 30, 2020 – $nil). With the sale of the property and corresponding termination of the lease agreement, the Company no longer has any agreements with Tweed Tree Lot.

	As at June 30, 2021	As at March 31, 2021
Non-current finance lease receivable	$ -	$ 2,870
Total	**$ -**	**$ 2,870**

Prior to the disposition of the property, income on the finance lease receivable of $114 (inclusive of management fee income) was recognized for three months ended June 30, 2021 (three months ended June 30, 2020 – $167).

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

6. INVESTMENTS IN ASSOCIATES

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

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

Name of Associate	Intended Principal Activity	Nature of Investment	Place of Principal Business	Method of Accounting	Note	June 30, 2021 Ownership Interest (Non-Diluted)
NOYA	Vertically-integrated cannabis operations	Common shares	Canada	Equity method	6(a)	25%(i)
		Royalty interest		FVTPL	7(b)	
		Convertible debenture		FVTPL	7(b)	
		Warrants		FVTPL	7(b)	
Greenhouse Juice	Plant-based beverage production and distribution	Preferred shares	Canada	Equity method	6(b)	13%(ii)
		Convertible debenture		FVTPL	6(b)7(d)	
		Warrants		FVTPL	7(d)	
Herbert	Beverage production and distribution	Preferred shares	Canada	Equity method	6(c)	27%(iii)
		Warrant		FVTPL	7(e)	
LeafLink Intl.	B2B supply chain and marketplace technology platform	Common shares	Canada	Equity method	6(d)	17%(iv)
High Beauty	Cannabis beauty brands production and distribution	Preferred shares	United States	Equity method	6(e)	20%(v)
		Convertible promissory note		FVTPL	7(f)	
		Warrants		FVTPL	7(f)	

(i) The Company owns 24% of the equity of NOYA on a fully diluted basis and has the right to designate 20% of the director nominees.
(ii) The Company owns 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.
(iii) 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.
(iv) 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.
(v) The Company owns 17% of the equity of High Beauty on a fully diluted basis and has the right to designate 20% of the director nominees.

As identified above, only certain investments in associates are accounted for using the equity method. The following tables outline changes in the Company's equity method investees for the three months ended June 30, 2021, and 2020.

Entity(1)	Balance at April 1, 2021	Additions	Share of income / (loss)	Proceeds of disposition	Gain / (loss) on disposition	FX gain / (loss)	Balance at June 30, 2021
NOYA	$ 2,934	$ -	$ (110)	$ -	$ -	$ -	$ 2,824
LeafLink Intl.	2,293	-	(50)	-	-	-	2,243
Greenhouse Juice	2,139	-	(187)	-	-	-	1,952
Total	**$ 7,366**	**$ -**	**$ (347)**	**$ -**	**$ -**	**$ -**	**$ 7,019**

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

(1) As at June 30, 2021, the Company also owned preferred shares of Herbert and High Beauty, which are not included in the table above as the estimated carrying values of these investments were $nil at both the beginning and the end of the reporting period.

Entity	Balance at April 1, 2020	Additions	Share of income / (loss)	Dividend / interest income	FX gain / (loss)	Impair-ment expense	Balance at June 30, 2020
NOYA[1]	$ 1,937	$ -	$ 1,123	$ -	$ -	$ -	$ 3,060
PharmHouse	37,025	-	(4,418)	-	-	-	32,607
Canapar	8,500	-	(329)	-	-	-	8,171
Herbert	100	-	(100)	-	-	-	-
LeafLink Intl.	2,481	-	(40)	-	-	-	2,441
High Beauty	500	-	(221)	-	(23)	-	256
Total	**$ 50,543**	**$ -**	**$ (3,985)**	**$ -**	**$ (23)**	**$ -**	**$ 46,535**

(1) The Company's share of income relating to its investment in NOYA noted above includes an adjustment of $1,346 related to NOYA's 2019 financial statement audit.

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

As at and for the three months ended June 30, 2021

Entity[(1)(2)]	Applicable reporting period	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Income / (loss)
NOYA	Mar. 31, 2021	$ 8,657	$ 8,184	$ 3,889	$ 10,544	$ 2,200	$ (431)
LeafLink Intl.	Mar. 31, 2021	1,941	11,879	346	-	7	(301)
High Beauty	Mar. 31, 2021	800	297	707	5,318	378	(296)
Greenhouse Juice	Mar. 31, 2021	3,295	12,756	4,399	21,279	3,014	(1,454)

(1) The table above does not reflect the financial position and operating results of PharmHouse. Please refer to Note 4 for additional details regarding material events that occurred at PharmHouse during the three months ended June 30, 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 three months ended June 30, 2020

Entity	Applicable reporting period	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Income / (loss)
NOYA	Mar. 31, 2020	$ 5,915	$ 9,347	$ 964	$ 10,707	$ 1,673	$ (877)
PharmHouse[1]	Mar. 31, 2020	9,193	167,022	67,863	97,776	-	(9,019)
Canapar	Mar. 31, 2020	14,006	11,328	2,126	-	-	(669)
Herbert	Mar. 31, 2020	245	1,011	542	-	-	(376)
LeafLink Intl.	Mar. 31, 2020	2,914	11,884	138	-	3	(288)
High Beauty	Mar. 31, 2020	1,158	328	2,569	825	257	(1,067)

(1) The Company has adjusted the reported current and non-current liabilities of PharmHouse to include $17,600 relating to an additional draw down of the PharmHouse Credit Facility subsequent to March 31, 2020, which was used to pay down existing accounts payable, as it was determined to be a significant transaction after the applicable reporting period.

The Company assessed its investments in associates for indicators of impairment as at June 30, 2021, and, where indicators were present, conducted additional analysis to determine whether the carrying values of the relevant equity investments were greater than the corresponding recoverable amounts. The carrying value of an investment in an associate is assessed for impairment after first applying the equity method.

The Company concluded that no impairment charges were to be recognized for the three months ended June 30, 2021 (three months ended June 30, 2020 – $nil).

INVESTMENTS HELD AS AT MARCH 31, 2021

a) NOYA

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

As at June 30, 2021, the Company owned 17,588,424 common shares of NOYA (March 31, 2021 – 17,588,424 common shares), representing a 25% equity interest on a non-diluted basis. The Company had not yet received any distributions on account of its common share investment in NOYA. The Company had also advanced $1,000 to NOYA pursuant to a convertible debenture and owned common share purchase warrants. Together, the Company's investments represented a 24% equity interest in NOYA on a fully diluted basis as at June 30, 2021.

The convertible debenture and warrants are accounted for at fair value through profit or loss ("FVTPL"). Please refer to Note 7(b) for additional details on the Company's investment in NOYA.

b) Greenhouse Juice Company

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

As at June 30, 2021, the Company owned 2,905,830 preferred shares of Greenhouse Juice (March 31, 2021 – 2,905,830), representing a 13% equity interest on a non-diluted basis. The Company had not yet received any distributions on account of its preferred share investment in Greenhouse Juice. The Company had also advanced $6,000 to Greenhouse Juice pursuant to a secured convertible debenture agreement (March 31, 2021 – $6,000) and owned preferred share purchase warrants with a face value of $1,000 (March 31, 2021 – $1,000). The Company also owned an additional control warrant that, if exercised, would increase its ownership interest in Greenhouse Juice to 51%.

The secured convertible debenture and warrants are accounted for at FVTPL. Please refer to Note 7(d) for additional details on the Company's investment in Greenhouse Juice.

c) Herbert

Herbert Works, legally 10663522 Canada Inc. ("Herbert"), is an early-stage beverage brand platform that is licensed to conduct research and development activities under the Cannabis Act. As at June 30, 2021, the operating activities of Herbert were limited and the company was reassessing its business plan.

As at June 30, 2021, the Company owned 4,074,074 preferred shares of Herbert (March 31, 2021 – 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, 2021, 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 7(e) for additional details on the Company's investment in Herbert.

d) LeafLink Intl.

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

As at June 30, 2021, the Company owned 2,000,000 common shares of LeafLink Intl. (March 31, 2021 – 2,000,000), representing a 17% equity interest on a non-diluted basis. The Company had not yet received any distributions on account of its common share investment in LeafLink Intl.

e) High Beauty

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

As at June 30, 2021, the Company owned 2,500,000 preferred shares of High Beauty (March 31, 2021 – 2,500,000), representing a 20% equity interest on a non-diluted basis. The Company had not yet received any distributions on account of its preferred share investment in High Beauty. The Company had also advanced $1,009 to High Beauty pursuant to a senior secured convertible promissory note and owned preferred share purchase warrants. Together, the Company's investments represented a 17% equity interest in High Beauty on a fully diluted basis as at June 30, 2021.

As at June 30, 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 7(f) for additional details on the Company's investment in High Beauty.

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

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The following tables outline changes in financial assets measured at FVTPL for the three months ended June 30, 2021, and 2020:

Three months ended June 30, 2021									
Entity[1]	**Instrument**	**Note**	**Balance at Apr. 1, 2021**	**Additions**[2]	**Net change in fair value**	**Conversions / dispositions**[3]	**Balance at Jun. 30, 2021**	**Dividend / interest / royalty income**	**Dividend / interest / royalty receivable**[4]
Agripharm	Royalty interest	7(a)	$ 5,100	$ -	$ (200)	$ -	$ 4,900	$ 11	$ 1,893
NOYA	Royalty interest	7(b)	4,000	-	100	-	4,100	178	626
NOYA	Convertible debenture	7(b)	840	-	-	-	840	30	120
NOYA	Warrants	7(b)	40	-	-	-	40	-	-
Canapar	Contingent consider-ation	7(c)	1,000	-	1,000	(2,000)	-	-	-
RAMM	Common shares	7(c)	-	2,000	-	-	2,000	-	-
Greenhouse Juice	Secured convertible debenture	7(d)	5,600	-	-	-	5,600	233	1,822
Greenhouse Juice	Warrants	7(d)	20	-	-	-	20	-	-
High Beauty	Convertible promissory note	7(f)	970	-	20	-	990	-	-
BioLumic	Second convertible promissory note	7(g)	650	-	-	-	650	-	-
Dynaleo	Warrants	7(h)	810	-	(20)	-	790	-	-
Headset	Convertible promissory note	7(i)	1,100	-	-	-	1,100	-	-
CGC	Common shares	7(j)	143,900	-	(37,085)	(106,815)	-	-	-
PharmHouse	Distribution rights	7(k)	-	6,470	-	-	6,470	-	-
Total			**$ 164,030**	**$ 8,470**	**$ (36,185)**	**$(108,815)**	**$ 27,500**	**$ 452**	**$ 4,461**

(1) As at June 30, 2021, the Company also owned a convertible debenture and common share purchase warrants of Civilized Worldwide Inc. ("Civilized"), a control warrant in Herbert, and preferred share purchase warrants of High Beauty, which are not included in the table above as the estimated fair values of these investments were $nil at both the beginning and the end of the reporting period.

(2) Additions include the issuance of common shares of RAMM (as defined herein) received as satisfaction of the contingent consideration owed to the Company in connection with the sale of its Canapar (as defined herein) interest (as disclosed in Note 7(c)) and the recognition of the estimated distribution to be received upon termination of the CCAA Proceedings (as disclosed in Note 4).

(3) Dispositions include the satisfaction of the contingent consideration received in connection with the Company's sale of its Canapar interest. Please refer to Note 7(c) for further information.

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

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

Three months ended June 30, 2020									
Entity	**Instrument**	**Note**	**Balance at Apr. 1, 2020**	**Additions**	**Net change in fair value**	**Conversions / dispositions**	**Balance at Jun. 30, 2020**	**Dividend / interest / royalty income**	**Dividend / interest / royalty receivable[(2)]**
Agripharm	Royalty interest	7(a)	$ 12,600	$ -	$ 200	$ -	$ 12,800	$ 65	$ 1,650
NOYA	Royalty interest	7(b)	4,000	-	100	-	4,100	82	71
NOYA	Convertible debenture	7(b)	880	-	-	-	880	30	59
NOYA	Warrants	7(b)	50	-	-	-	50	-	-
Vert Mirabel	Preferred shares		20,000	-	800	-	20,800	-	-
Civilized	Convertible debenture		2,100	-	(1,100)	-	1,000	-	-
Canapar	Call option	7(c)	1,100	-	-	-	1,100	-	-
Greenhouse Juice	Secured convertible debenture	7(d)	7,500	-	-	-	7,500	207	1,130
Greenhouse Juice	Unsecured convertible debenture	7(d)	3,000	-	-	-	3,000	-	-
Greenhouse Juice	Warrants	7(d)	390	-	-	-	390	-	-
High Beauty	Convertible promissory note	7(f)	850	-	(10)	-	840	-	-
High Beauty	Warrants	7(f)	90	-	(30)	-	60	-	-
BioLumic	Convertible promissory note	7(g)	2,400	-	-	-	2,400	-	-
Tweed Tree Lot	Royalty interest		15,100	-	-	-	15,100	713	713
TerrAscend Canada	Term Loan		10,000	-	1,200	-	11,200	198	561
TerrAscend	Warrants II		110	-	10	-	120	-	-
Dynaleo	Convertible debenture	7(h)	-	1,613	387	-	2,000	-	-
Dynaleo	Warrants	7(h)	-	387	73	-	460	-	-
Total			**$ 80,170**	**$ 2,000**	**$ 1,630**	**$ -**	**$ 83,800**	**$ 1,295**	**$ 4,184**

(1) As at June 30, 2020, the Company also owned common share purchase warrants of Agripharm and 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.

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

Included in interest and royalty receivable on the condensed interim consolidated statement of financial position as at June 30, 2021, is $115 relating to the Company's interest receivable from cash deposits held.

INVESTMENTS HELD AS AT MARCH 31, 2021

Please refer to Note 12 for additional details on valuation methodology and key inputs and assumptions for these investments.

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 June 30, 2021, the Company had advanced $20,000 to Agripharm that was subject to a royalty agreement (March 31, 2021 – $20,000). Under the terms of the royalty agreement, the Company 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. As at June 30, 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 June 30, 2021, of $5,680 and future minimum annual payments of $4,000. Accordingly, as at June 30, 2021, the Company recognized a provision for expected credit losses on the royalty receivable of $3,787 on its statement of financial position (March 31, 2021 – $3,779) 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.

b) NOYA

As at June 30, 2021, the Company had advanced $5,000 to a wholly-owned subsidiary of NOYA pursuant to a royalty agreement (March 31, 2021 – $5,000). Under the terms of the royalty agreement, the Company is intended to receive a royalty per gram of cannabis produced for a term of 20 years, subject to a minimum annual payment of $900.

The royalty interest is measured at FVTPL based upon estimated future cash flows to be received under the royalty agreement discounted to present value at a market rate of interest.

As described in Note 6(a), as at June 30, 2021, the Company had also advanced $1,000 to NOYA pursuant to a convertible debenture agreement (March 31, 2021 – $1,000) and owned 266,667 common share purchase warrants (March 31, 2021 – 266,667). The convertible debenture represents a financial asset that is initially measured at fair value and is subsequently measured at FVTPL, while the warrants represent a derivative financial instrument that is also initially measured at fair value and subsequently measured at FVTPL.

c) Canapar

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

Prior to March 31, 2021, the Company sold its interest in Canapar to RAMM Pharma Corp. ("RAMM") for consideration of up to $9,000. On closing of the sale, RAMM delivered a cash payment of $7,000 to the Company to purchase the Company's 29,833,333 common shares in Canapar. The transaction also included contingent consideration of $2,000, to be paid upon the achievement of certain operational milestones or upon the occurrence of certain events, including a change of control of Canapar, which occurred during the three months ended June 30, 2021. Accordingly, on June 30, 2021, the contingent portion of the consideration owed to the Company was satisfied through the issuance of 2,105,263 common shares in the capital of RAMM, valued at $2,000 at the time the shares were delivered.

The RAMM common shares represent a financial asset that is initially measured at fair value and is subsequently measured at FVTPL.

d) Greenhouse Juice

As described in Note 6(b), as at June 30, 2021, the Company had advanced $6,000 to Greenhouse Juice pursuant to a secured convertible debenture agreement (March 31, 2021 – $6,000). The Company also owned 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, 2021 – 924,582), as well as an additional warrant that, if exercised, would increase its ownership interest in Greenhouse Juice to 51% (a control warrant).

The secured convertible debenture represents a financial asset that is initially measured at fair value and is subsequently measured at FVTPL, while the preferred share purchase warrants and control warrant represent derivative financial instruments that are also initially measured at fair value and subsequently measured at FVTPL.

e) Herbert

As described in Note 6(c), as at June 30, 2021, the Company owned a warrant that, if exercised, would increase its ownership interest in Herbert to 51% (a control warrant).

The control warrant represents a derivative financial instrument that is initially measured at fair value and is subsequently measured at FVTPL. As at June 30, 2021, the fair value of the control warrant was estimated to have a nominal value (March 31, 2021 – nominal).

f) High Beauty

As described in Note 6(e), as at June 30, 2021, the Company had advanced $1,009 (U.S. $750) to High Beauty pursuant to a senior secured convertible promissory note (March 31, 2021 – $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.

g) 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.

As at June 30, 2021, the Company had advanced $668 (U.S. $500) to BioLumic pursuant to a second convertible promissory note agreement (March 31, 2021 - $668 (U.S. $500)). The second convertible promissory note represents a financial asset that is initially measured at fair value and is subsequently measured at FVTPL. The Company also owned 381,590 preferred shares of BioLumic (March 31, 2021 – 381,590). On initial recognition, the Company elected to account for its investment in the preferred shares of BioLumic initially at fair value and subsequently at fair value through other comprehensive income ("FVTOCI"). Please refer to Note 8(d) for additional details on the Company's investment in BioLumic.

h) Dynaleo

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

As at June 30, 2021, the Company owned 1,000,000 common share purchase warrants of Dynaleo (March 31, 2021 – 1,000,000). The warrants represent a derivative financial instrument that is initially measured at fair value and subsequently measured at FVTPL. The Company also owned 1,449,569 common shares of Dynaleo (March 31, 2021 – 1,449,569). On initial recognition, the Company elected to account for its investment in the common shares of Dynaleo initially at fair value and subsequently at FVTOCI. Please refer to Note 8(e) for additional details on the Company's investment in Dynaleo.

i) Headset

Headset Inc. ("Headset") is a real-time market intelligence and analytics software platform for the cannabis industry, with services that provide access to up-to-the-minute information on sales trends, emerging segments, popular products, and pricing.

As at June 30, 2021, the Company had advanced $1,080 (U.S. $800) to Headset pursuant to a convertible promissory note agreement. The convertible promissory note represents a financial asset that is initially measured at fair value and is subsequently measured at FVTPL. The Company also owned 1,572,588 preferred shares of Headset (March 31, 2021 – 1,572,588). On initial recognition, the Company elected to account for its investment in the preferred shares of Headset initially at fair value and subsequently at FVTOCI. Please refer to Note 8(b) for additional details on the Company's investment in Headset.

j) CGC

As referenced in Note 1, pursuant to the CGC Transaction, the Company received 3,647,902 common shares in the capital of CGC. During the three months ended June 30, 2021, the Company sold 3,565,402 common shares of CGC for total net proceeds of $106,707 (three months ended June 30, 2020 – not applicable). As at June 30, 2021, the Company no longer owned any CGC common shares (March 31, 2021 – 3,565,402).

k) PharmHouse

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

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

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

In accordance with IFRS 9, the Company has elected to measure certain investments in equity instruments at FVTOCI on initial recognition as these investments are long-term and strategic in nature, and net changes in fair value are more suited to be presented in other comprehensive income. Fair value for subsequent measurement is determined in the manner described in Note 12. Please refer below for additional details on these investments.

The following tables outline changes in financial assets measured at FVTOCI for the three months ended June 30, 2021, and 2020:

Three months ended June 30, 2021							
Entity	**Instrument**	**Note**	**Balance at Apr. 1, 2021**	**Additions**	**Net change in fair value**	**Dispositions**	**Balance at Jun. 30, 2021**
Nova Cannabis	Common shares	8(a)	$ 1,718	$ -	$ (267)	$ (1,451)	$ -
Headset	Preferred shares	8(b)	4,000	-	(100)	-	3,900
ZeaKal	Preferred shares	8(c)	12,600	-	(200)	-	12,400
BioLumic	Preferred shares	8(d)	2,000	-	-	-	2,000
Dynaleo	Common shares	8(e)	2,900	-	-	-	2,900
Total			**$ 23,218**	**$ -**	**$ (567)**	**$ (1,451)**	**$ 21,200**

Three months ended June 30, 2020							
Entity	**Instrument**	**Note**	**Balance at Apr. 1, 2020**	**Additions**	**Net change in fair value**	**Dispositions**	**Balance at Jun. 30, 2020**
JWC	Common shares		$ 976	$ -	$ (976)	$ -	$ -
TerrAscend	Exchangeable Shares		23,500	-	3,000	-	26,500
Vert Mirabel	Common shares		19,900	-	9,500	-	29,400
Nova Cannabis	Common shares	8(a)	1,523	-	-	-	1,523
Headset	Preferred shares	8(b)	4,500	-	(200)	-	4,300
ZeaKal	Preferred shares	8(c)	14,200	-	(600)	-	13,600
Total			**$ 64,599**	**$ -**	**$ 10,724**	**$ -**	**$ 75,323**

INVESTMENTS HELD AS AT MARCH 31, 2021

Please refer to Note 12 for additional details on valuation methodology and key inputs and assumptions for these investments.

(a) Nova Cannabis Inc.

Nova Cannabis Inc. (formerly YSS Corp.™) ("Nova Cannabis") is a publicly-traded company listed on the TSXV under the trading symbol "NOVC" and on the Frankfurt Stock Exchange under the trading symbol "2LK.BE". Nova Cannabis 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.

During the three months ended June 30, 2021, the Company sold 593,000 common shares of Nova Cannabis for total net proceeds of $1,446 (three months ended June 30, 2020 – nil). As at June 30, 2021, the Company no longer owned any Nova Cannabis common shares (March 31, 2021 – 593,000).

(b) Headset

As described in Note 7(i), as at June 30, 2021, the Company owned 1,572,588 preferred shares of Headset (March 31, 2021 – 1,572,588), representing an 8% equity interest on a non-diluted basis.

(c) ZeaKal

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

As at June 30, 2021, the Company owned 248,446 preferred shares of ZeaKal (March 31, 2021 – 248,446), representing a 9% equity interest on a non-diluted basis.

(d) BioLumic

As described in Note 7(g), as at June 30, 2021, the Company owned 381,590 preferred shares of BioLumic (March 31, 2021 – 381,590), representing a 10% equity interest on a non-diluted basis.

(e) Dynaleo

As described in Note 7(h), as at June 30, 2021, the Company owned 1,449,569 common shares of Dynaleo (March 31, 2021 – 1,449,569), representing a 10% equity interest on a non-diluted basis.

9. SHARE CAPITAL

(a) ***Authorized***

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

(b) Issued and outstanding

As at June 30, 2021, there were 142,435,137 Common Shares issued and outstanding (March 31, 2021 – 142,084,523).

(c) Stock options

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

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.

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

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.

Consultant Options

As at March 31, 2021, the Company had 4,770,001 options to purchase Common Shares granted to employees of CGC and other consultants of the Company outstanding. During the three months ended June 30, 2021, the Company did not grant any options to purchase Common Shares to consultants of the Company (three months ended June 30, 2020 – nil). Options granted to CGC employees and consultants are considered "consultant options" from the Company's perspective. The options have exercise prices ranging from $0.60 to $3.50 per Common Share and are exercisable in increments, with generally one-third being exercisable on each of the first, second, and third anniversaries from the date of grant. The options were measured at fair value at the date of grant using a Black-Scholes option pricing model and are remeasured at the end of each reporting period until the performance is complete. The Company has estimated the number of options it expects to vest and is amortizing the expense over the expected vesting period.

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

Consultant Options	Initial Recognition	March 31, 2021	June 30, 2021
Share price	$0.60 – $3.50	$2.49	$1.94
Exercise price	$0.60 – $3.50	$0.60 – $3.50	$0.60 – $3.50
Risk-free interest rate	1.5%	0.2%	0.4%
Weighted average expected life (years)	3.0 – 4.0	0.7 – 2.6	0.4 – 2.4
Dividend yield	0%	0%	0%
Expected annualized volatility	70%	70%	70%
Expected forfeiture rate	0%	0%	0%

During the three months ended June 30, 2021, 110,000 consultant options were exercised at a weighted average exercise price of $0.60 for net proceeds of $45 after giving consideration to the Company's cashless exercise program, pursuant to which a number of shares net of the exercise price value are issued upon exercise (three months ended June 30, 2020 – 100,000 consultant options exercised at a weighted average exercise price of $0.60 for net proceeds of $60). During the three months ended June 30, 2021, no consultant options were forfeited (three months ended June 30, 2020 – 83,334 consultant options with a weighted average exercise price of $0.60) and 100,001 consultant options with a weighted average exercise price of $0.60 expired (three months ended June 30, 2020 – 30,000 consultant options with a weighted average exercise price of $3.50).

During the three months ended June 30, 2021, the Company recognized $21 in share-based compensation expense related to consultant options (three months ended June 30, 2020 – $91 recapture).

Employee and Director Options

As at March 31, 2021, the Company had 4,052,999 options to purchase Common Shares granted to employees and directors of the Company outstanding. During the three months ended June 30, 2021, the Company did not grant any options to purchase Common Shares to employees or directors of the Company (three months ended June 30, 2020 – nil). The options outstanding have exercise prices ranging from $1.10 to $4.50 per Common Share and are exercisable in increments, with one-third being exercisable on each of the first, second, and third anniversaries from the date of grant. The options were measured at fair value at the date of grant using a Black-Scholes option pricing model. The Company has estimated the number of options it expects to vest and is amortizing the expense over the expected vesting period.

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

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

Employee and Director Options	Initial Recognition
Share price	\$1.10 – \$4.50
Exercise price	\$1.10 – \$4.50
Risk-free interest rate	1.4 – 2.3%
Weighted average expected life (years)	3.0 – 4.0
Dividend yield	0%
Expected annualized volatility	70%
Expected forfeiture rate	0%

During the three months ended June 30, 2021, no employee and director options were exercised (three months ended June 30, 2020 – nil). During the three months ended June 30, 2021, no employee and director options were forfeited (three months ended June 30, 2020 – 135,000 employee and director options with a weighted average exercise price of \$3.28) and 23,332 employee and director options with a weighted average exercise price of \$3.30 expired (three months ended June 30, 2020 – nil).

During the three months ended June 30, 2021, the Company recognized \$252 in share-based compensation expense related to employee and director options (three months ended June 30, 2020 – \$824).

Stock Options Summary

The following tables summarize information about options outstanding as at June 30, 2021, and March 31, 2021:

	Options Outstanding				Options Exercisable		
June 30, 2021	Weighted Average Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Fair Value per Share(1)	Weighted Average Exercise Price	Number of Options Exercisable	Weighted Average Fair Value per Share(1)
	\$	#	# (years)	\$	\$	#	\$
Seed capital	0.05	33,334	0.0	1.89	0.05	33,334	1.89
Consultant	2.53	4,560,000	1.9	0.52	2.26	3,520,000	0.60
Employee and director	3.05	4,029,667	2.4	1.54	2.85	3,007,001	1.40

	Options Outstanding				Options Exercisable		
March 31, 2021	Weighted Average Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Fair Value per Share(1)	Weighted Average Exercise Price	Number of Options Exercisable	Weighted Average Fair Value per Share(1)
	\$	#	# (years)	\$	\$	#	\$
Seed capital	0.05	33,334	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

(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.

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

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

	# of Options	Weighted Avg. Exercise Price
Balance – March 31, 2021	8,856,334	$ 2.70
Granted	-	-
Exercised	110,000	0.60
Forfeited	-	-
Expired	123,333	1.11
Balance – June 30, 2021	**8,623,001**	**$ 2.76**

(d) Restricted Share Units

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

During the three months ended June 30, 2021, no RSUs were granted (three months ended June 30, 2020 – nil).

During the three months ended June 30, 2021, no RSUs were redeemed (three months ended June 30, 2020 – nil).

During the three months ended June 30, 2021, the Company recognized $60 in share-based compensation expense related to the RSUs (three months ended June 30, 2020 – $117).

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, 2021	**353,030**	**$ 1.16**
Granted	-	-
Redeemed	-	-
Balance – June 30, 2021	**353,030**	**$ 1.16**

(e) Performance Stock Units

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

During the three months ended June 30, 2021, pursuant to the Performance Factor, an additional 293,338 PSUs vested (three months ended June 30, 2020 – not applicable).

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

During the three months ended June 30, 2021, no PSUs were granted (three months ended June 30, 2020 – nil).

During the three months ended June 30, 2021, 253,342 PSUs were redeemed at a volume-weighted average price of $0.98 (three months ended June 30, 2020 – not applicable).

During the three months ended June 30, 2021, no PSUs were forfeited (three months ended June 30, 2020 – not applicable).

During the three months ended June 30, 2021, the Company recognized $67 in share-based compensation expense related to the PSUs (three months ended June 30, 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, 2021	880,000	$ 0.98
Granted	-	-
Performance Factor Adjustment	293,338	0.98
Redeemed	253,342	0.98
Forfeited	-	-
Balance – June 30, 2021	**919,996**	**$ 0.98**

(f) Normal Course Issuer Bid

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

During the three months ended June 30, 2021, the Company repurchased and cancelled nil Common Shares (three months ended June 30, 2020 – 109,100 Common Shares for $125, at a weighted average acquisition price of $1.14 per share).

10. RELATED PARTY TRANSACTIONS

(a) Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing, and controlling activities of the entity, directly or indirectly. The key management personnel of the Company are the members of the Company's executive management team and Board. Together, these individuals controlled approximately 3.2% of the Common Shares of the Company on a fully diluted basis as at June 30, 2021. The following table summarizes compensation provided to key management personnel:

	Three months ended	
	June 30, 2021	June 30, 2020
Executive salaries and accrued bonuses	$ 369	$ 298
Director fees[(1)]	57	41
Special committee fees	150	-
Share-based compensation		
Management	211	478
Board	72	146

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

(b) Transactions with other related parties

Transactions and balances with the Company's associates and joint venture are described and discussed in Notes 4, 6, and 7.

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

11. INCOME TAXES

For the three months ended June 30, 2021, the Company recognized income tax recovery of $4,894 (three months ended June 30, 2020 – $nil). Income tax recovery of $4,894 is comprised of current income tax recovery of $6,792 (three months ended June 30, 2020 – $nil) driven by realized capital losses on the disposition of certain financial assets during the quarter, which the Company expects to carry-back to previous taxation years to recover income taxes paid, and deferred income tax expense of $1,898 (three months ended June 30, 2020 – $nil).

For the three months ended June 30, 2021, the Company recognized $165 of deferred income tax expense directly within other comprehensive income due to the change in recognition of deferred tax assets at FVTOCI (three months ended June 30, 2020 – $nil). For the three months ended June 30, 2021, the Company recognized $240 of current income tax recovery within other comprehensive income due to realized capital gains on disposition of financial assets at FVTOCI (three months ended June 30, 2020 – $nil).

During the three months ended June 30, 2021, the Company made income tax payments of $17,640 related to the fiscal year 2021 estimated income tax liability (three months ended June 30, 2020 – $nil).

12. FINANCIAL INSTRUMENTS

(a) Credit risk

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

For the three months ended June 30, 2021, the Company recognized an increase in the provision for expected credit losses on its interest and royalty receivables of $127 in its statement of comprehensive income (loss) (three months ended June 30, 2020 – $5). The change in the Company's provision for expected credit losses on its interest and royalty receivables for the three months ended June 30, 2021, is primarily attributable to an increase in the provision for expected credit losses relating to the Company's royalty receivables with Agripharm and NOYA. The changes in expected credit losses related to the Agripharm and NOYA royalty receivable balances are primarily driven by increases in the gross balance of the receivables.

As described in Note 4, the Company was a guarantor for the PharmHouse Credit Facility in the event of non-compliance with covenants or default. In connection with the PharmHouse Sale, during the three months ended June 30, 2021, the Company recognized a decrease in the provision for expected credit losses relating to the PharmHouse Guarantee of $1,935 on its statement of comprehensive income (loss) (three months ended June 30, 2020 – $nil).

(b) Fair values

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

- Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

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

- 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 June 30, 2021, of the Company's other financial instruments are determined:

	Fair value as at Jun. 30, 2021	**Fair value as at Mar. 31, 2021**	**Fair value hierarchy and technique**	**Key inputs**
Financial assets – fair value through profit or loss				
Agripharm Royalty Interest	$4,900	$5,100	**(Level 3):** Income approach – discounted cash flow: based upon the net cash flows expected to be generated from the asset, discounted to present value at a commensurate rate of return, and supported by the estimated recoverable amount of Agripharm's net assets	*Key unobservable inputs:* • Projected royalty payments that Agripharm may be able to service based on current business conditions • Discount rate (42% at Jun.31, 2021; 38% at Mar. 31, 2021)
NOYA Royalty Interest	$4,100	$4,000	**(Level 3):** Income approach – discounted cash flow: based upon the net cash flows expected to be generated from the asset, discounted to present value at a commensurate rate of return	*Key observable inputs:* • Per gram royalty • Minimum annual payment *Key unobservable inputs:* • Cannabis production • Discount rate (25% at Jun. 30, 2021; 25% at Mar. 31, 2021)
NOYA Convertible Debenture	$840	$840	**(Level 3):** FinCAD model (with a Black-Scholes option pricing model)	*Key observable inputs:* • Principal advanced • Interest rate • Conversion price ($0.60 at Jun. 30, 2021; $0.60 at Mar. 31, 2021) *Key unobservable inputs:* • Share price ($0.60 at Jun. 30, 2021; $0.60 at Mar. 31, 2021) • Implied credit spread (20% at Jun. 30, 2021; 20% at Mar. 31, 2021) • Expected annualized volatility (101% at Jun. 30, 2021; 101% at Mar. 31, 2021)
NOYA Warrants	$40	$40	**(Level 3):** Black-Scholes option pricing model	*Key observable inputs:* • Exercise price ($0.75 at Jun. 30, 2021; $0.75 at Mar. 31, 2021) *Key unobservable inputs:* • Share price ($0.60 at Jun. 30, 2021; $0.60 at Mar. 31, 2021) • Expected life (1.5 years at Jun. 30, 2021; 2.3 years at Mar. 31, 2021)

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

	Fair value as at Jun. 30, 2021	**Fair value as at Mar. 31, 2021**	**Fair value hierarchy and technique**	**Key inputs**
				• Expected annualized volatility (101% at Jun. 30, 2021; 101% at Mar. 31, 2021)
Greenhouse Juice Secured Convertible Debenture	$5,600	$5,600	**(Level 3):** FinCAD model (with a Black-Scholes option pricing model)	*Key observable inputs:* • Principal advanced • Conversion price ($1.51 at Jun. 30, 2021; $1.51 at Mar. 31, 2021) *Key unobservable inputs:* • Share price ($0.67 at Jun. 30, 2021; $0.67 at Mar. 31, 2021) • Implied credit spread (21% at Jun. 30, 2021; 21% at Mar. 31, 2021) • Expected annualized volatility (50% at Jun. 30, 2021; 50% at Mar. 31, 2021)
Greenhouse Juice Warrants	$20	$20	**(Level 3):** Monte Carlo simulation model (using Geometric Brownian Motion) and Black-Scholes option pricing model	*Key observable inputs:* • Exercise price ($1.08 (preferred share warrant) and $6.49 (control warrant) at Jun. 30, 2021; $1.08(preferred share warrant) and $6.49 (control warrant) at Mar. 31, 2021) *Key unobservable inputs:* • Share price ($0.67 at Jun. 30, 2021; $0.67 at Mar. 31, 2021) • Expected life (0.5 year at Jun. 30, 2021; 0.8 years at Mar. 31, 2021) • Expected annualized volatility (50% at Jun. 30, 2021; 50% at Mar. 31, 2021)
High Beauty Convertible Promissory Note	$990	$970	**(Level 3):** FinCAD model (with a Monte Carlo simulation model using Geometric Brownian Motion), adjusted for FX gains/losses and interest accrued during the reporting period	*Key observable inputs:* • Principal advanced • Interest rate *Key unobservable inputs:* • Conversion price (variable based on qualified financing) • Share price ($nil at Jun. 30, 2021; $nil at Mar. 31, 2021) • Implied credit spread (20% at Jun. 30, 2021; 20% at Mar. 31, 2021) • Expected annualized volatility (70% at Jun. 30, 2021; 70% at Mar. 31, 2021) • Timing and probability of qualified financing
BioLumic Second Convertible Promissory Note	$650	$650	**(Level 3):** Market approach – most recent financing: based upon principal amount advanced pursuant to the note, adjusted for FX gains/losses and interest accrued during the reporting period	*Key observable inputs:* • Principal amount advanced • Interest rate (6% at Jun. 30, 2021; 6% at Mar. 31, 2021) • FX rate
Dynaleo Warrants	$790	$810	**(Level 3):** Black-Scholes option pricing model	*Key observable inputs:* • Exercise price ($1.42 at Jun. 30, 2021; $1.42 at Mar. 31, 2021) *Key unobservable inputs:* • Share price ($2.00 at Jun. 30, 2021; $2.00 at Mar. 31, 2021)

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

	Fair value as at Jun. 30, 2021	Fair value as at Mar. 31, 2021	Fair value hierarchy and technique	Key inputs
				• Expected life (0.9 year at Jun. 30, 2021; 1.0 at Mar. 31, 2021) • Expected annualized volatility (70% at Jun. 30, 2021; 70% at Mar. 31, 2021)
Headset Convertible Promissory Note	$1,100	$1,100	**(Level 3):** Market approach – most recent financing: based upon principal amount advanced pursuant to the note, adjusted for FX gains/losses and interest accrued during the reporting period	*Key observable inputs:* • Principal amount advanced • Interest rate (8% at Jun. 30, 2021; 8% at Mar. 31, 2021) • FX rate
Canapar Contingent Consideration	$nil	$1,000	**(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	• The contingent consideration was derecognized during the three months ended June 30, 2021, as the contingent consideration was satisfied through the issuance of 2,105,263 common shares in the capital of RAMM
CGC Common Shares	$nil	$143,900	**(Level 1):** Quoted share price	• The Company no longer holds common shares of CGC as at June 30, 2021
RAMM Common Shares	$2,000	$nil	**(Level 1):** Quoted share price	• Not applicable
PharmHouse Distribution Rights	$6,470	$nil	**(Level 3):** Income approach – discounted cash flow: based upon the net cash flows expected to be generated from the asset, discounted to present value at a commensurate rate of return	*Key observable inputs:* • Liquidation value of PharmHouse greenhouse facility • Cash on hand *Key unobservable:* • Operational receipts and costs subsequent to liquidation
Total	**$27,500**	**$164,030**		
Financial assets – fair value through other comprehensive income				
Nova Cannabis Common Shares	$nil	$1,718	**(Level 1):** Quoted share price	• The Company no longer holds common shares of Nova Cannabis as at June 30, 2021
Headset Preferred Shares	$3,900	$4,000	**(Level 3):** Market approach – most recent financing: based upon per share valuation in Headset's December 2018 equity financing, adjusted for FX gains/losses	*Key observable inputs:* • Financing price • FX rate *Key unobservable inputs:* • Share price

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

	Fair value as at Jun. 30, 2021	Fair value as at Mar. 31, 2021	Fair value hierarchy and technique	Key inputs
ZeaKal Preferred Shares	$12,400	$12,600	**(Level 3):** Market approach – most recent financing: based upon per share valuation in ZeaKal's August 2019 equity financing, adjusted for FX gains/losses	*Key observable inputs:* • Financing price • FX rate *Key unobservable inputs:* • Share price
BioLumic Preferred Shares	$2,000	$2,000	**(Level 3):** Market approach – most recent financing: based upon per share valuation implied by BioLumic's August 2020 convertible note financing, adjusted for FX gains/losses	*Key observable inputs:* • Financing price • FX rate *Key unobservable inputs:* • Share price
Dynaleo Common Shares	$2,900	$2,900	**(Level 3):** Market approach – most recent financing: based upon per share valuation in Dynaleo's March 2021 equity financing	*Key observable inputs:* • Financing price *Key unobservable inputs:* • Share price
Total	**$21,200**	**$23,218**		

As at June 30, 2021, the Company also a convertible debenture and common share purchase warrants of Civilized, a control warrant in Herbert, and preferred share purchase warrants of High Beauty, 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 June 30, 2021, the total fair values by fair value hierarchy level are as follows:

Financial assets

- Level 1: $2,000 (March 31, 2021 – $145,618)
- Level 2: $nil (March 31, 2021 – $nil)
- Level 3: $46,700 (March 31, 2021 – $41,630)

No transfers between fair value levels occurred during the three months ended June 30, 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.

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

- 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	42.0%	+ 2.5% (abs)	$(400)
NOYA	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)	$(45)

13. COMMITMENTS AND CONTINGENCIES

In connection with the Company's investment in Greenhouse Juice as described in Note 7(d), the Company is required to exercise certain warrants with a face value of $1,000 upon the achievement of certain revenue targets. Please refer to Note 15 for further information relating to the Company's warrants in Greenhouse Juice.

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 June 30, 2021
No later than one year	$ 346
Between one year and five years	462
Later than five years	-
	$ 808

14. EARNINGS PER SHARE

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

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

The following tables set forth the calculation of basic and diluted EPS for the three months ended June 30, 2021, and 2020:

	Three months ended Jun. 30, 2021			Three months ended Jun. 30, 2020		
	Net loss	Weighted avg. number of shares	EPS	Net loss	Weighted avg. number of shares	EPS
Basic	$(30,421)	142,626,798	$(0.21)	$ (3,426)	189,498,022	$(0.02)
Dilutive securities		-			-	
Diluted	**$(30,421)**	**142,626,798**	**$(0.21)**	**$ (3,426)**	**189,498,022**	**$(0.02)**

15. SUBSEQUENT EVENTS

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

On August 10, 2021, the Company announced that it entered into a definitive agreement with The Hawthorne Collective, a newly-formed cannabis-focused subsidiary of The Scotts Miracle-Gro Company ("ScottsMiracle-Gro"), for the purchase by The Hawthorne Collective of a U.S. $150,000 unsecured convertible note from RIV Capital (the "Hawthorne Investment"). The Hawthorne Investment establishes RIV Capital as The Hawthorne Collective's preferred vehicle for cannabis-related investments not currently under the purview of The Hawthorne Gardening Company (a separate subsidiary of ScottsMiracle-Gro).

The convertible note evidencing the Hawthorne Investment (the "Convertible Note") will have a six-year term and bear interest at approximately 2.0% per annum for the first two years that the Convertible Note is outstanding, and be non-interest-bearing thereafter. Accrued interest will be payable at maturity or included in the conversion value of the Convertible Note at the time of conversion. The Convertible Note will be convertible into Common Shares at a conversion price of $1.90 per Common Share, representing an approximate 7.3% premium to the five-day volume-weighted average price of the Company's shares on the TSX as of August 9, 2021.

Conversion of the Convertible Note is subject to the receipt of any required regulatory (including under the Competition Act (Canada) and/or the U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976) and stock exchange approvals, and other conditions set out in the terms of the Convertible Note. Subject to obtaining all applicable regulatory approvals, the Convertible Note may be converted into Common Shares at the election of The Hawthorne Collective on a discretionary basis, or at RIV Capital's discretion upon the later of: (i) two years follow closing; and (ii) the date on which federal laws in the United States are amended to allow for the general cultivation, distribution, and possession of cannabis. There are certain restrictions relating to the permissible uses of the proceeds from the Hawthorne Investment as it relates to the Company's strategy of investing in, or acquiring, cannabis-related operating businesses in the U.S.

Closing of the Hawthorne Investment is subject to the satisfaction of customary closing conditions and execution of definitive documentation. The completion of the Hawthorne Investment is also conditional on the Company's ability to delist its Common Shares from the TSX and list its Common Shares on the Canadian Securities Exchange (the "CSE"). The Company has submitted an application to voluntarily delist its Common Shares from the TSX and has received conditional approval to list on the CSE, which it intends to complete prior to the closing of the Hawthorne Investment.

The Hawthorne Investment is anticipated to close on or around August 24, 2021. Upon closing, RIV Capital will expand the Board to seven seats, and add three ScottsMiracle-Gro nominees alongside the existing RIV Capital directors.