AMENDED AND RESTATED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

WEEDMD INC.

For the three and nine months ended
September 30, 2020 and September 30, 2019
(Unaudited - Expressed in Canadian Dollars)

WeedMD Inc.

AMENDED AND RESTATED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2020 and 2019

(Unaudited)

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MANAGEMENT’S RESPONSIBILITY STATEMENT

The management of WeedMD Inc. (the "Company") is responsible for preparing the condensed interim consolidated financial statements, the notes to the condensed interim consolidated financial statements and other financial information contained in these condensed interim consolidated financial statements (the “ condensed interim financial statements”).

Management prepares the condensed interim consolidated financial statements in accordance with International Financial Reporting Standards (“IFRS”). The condensed interim consolidated financial statements are considered by management to present fairly the company's financial position and results of operations.

The management, in fulfilling its responsibilities, has developed and maintains a system of internal accounting controls designed to provide reasonable assurance that management assets are safeguarded from loss or unauthorized use, and that the records are reliable for preparing the condensed interim consolidated financial statements.

The Company has restated its unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2020 which were previously filed on SEDAR. Subsequent to the original issuance of the condensed interim consolidated financial statements, the Company’s external auditors performed an interim review over the condensed interim consolidated financial statements and as a result of this review, it was concluded that there were accounting errors in the previously filed condensed interim financial statements. These errors have been corrected in the amended and restated unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2020. See Note 20 of the amended and restated unaudited condensed interim consolidated financial statements for more details.

George Scorsis, CEO
February 26, 2021

WeedMD Inc.

AMENDED AND RESTATED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in Canadian dollars)	Note		September 30, 2020		December 31, 2019
	20		**Restated**		
			(Unaudited)		*(Audited)*
Assets					
Current					
Cash and cash equivalent		$	**31,125,239**	$	8,183,744
Restricted cash			**3,195,482**		3,112,650
Trade and other receivables			**8,017,175**		3,346,425
Current portion of promissory note receivable			**490,177**		490,177
Inventory	3		**42,517,542**		31,286,901
Biological assets	3		**8,730,596**		7,665,876
Investments			**232,500**		438,000
Prepaid expenses and deposits			**1,304,317**		2,953,651
Commodity tax receivable			**608,980**		2,289,252
Total current assets			**96,222,008**		59,766,676
Promissory note receivable			**473,740**		473,740
Prepaid expense and deposits			-		347,259
Right-of-use assets	4		**3,583,765**		3,316,738
Property, plant and equipment	5		**99,975,896**		108,771,816
Intangible assets	6		**7,300,223**		20,998,911
Goodwill	6		-		16,123,601
Total assets		$	**207,555,632**	$	209,798,741
Liabilities					
Current					
Accounts payables and accrued liabilities		$	**8,065,273**	$	23,298,678
Current portion of lease liabilities	4		**1,525,206**		1,466,008
Current portion of loans and borrowings	7		**3,971,043**		1,870,414
Unearned revenue			-		2,512,967
Total current liabilities			**13,561,522**		29,148,067
Lease liabilities	4		**1,676,924**		2,186,487
Loans and borrowings	7		**64,191,060**		33,958,081
Accrued liabilities			-		125,801
Unsecured convertible debentures	8		**9,201,008**		8,321,120
Total liabilities		$	**88,630,514**	$	73,739,556
Shareholders' equity					
Common shares	9	$	**163,229,737**	$	137,646,156
Warrants reserve			**10,597,563**		10,597,563
Conversion feature	8		**1,514,025**		1,514,025
Contributed surplus	10		**15,325,188**		13,980,748
Deficit			**(71,741,395)**		(27,679,307)
Total shareholders' equity			**118,925,118**		136,059,185
Total liabilities and shareholders' equity		$	**207,555,632**	$	209,798,741

Going concern (Note 2)

Commitments (Note 15)

Subsequent events (Note 21)

See accompanying notes to condensed interim consolidated financial statements

"George Scorsis" (signed)
CEO

"Lincoln Greenidge" (signed)
CFO

WeedMD Inc.

AMENDED AND RESTATED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
(in Canadian dollars) (unaudited)

	Note		Three months ended			Nine months ended
			September 30, 2020	September 30, 2019		**September 30, 2020**	September 30, 2019
	20		*Restated*			*Restated*	
Revenue	13	$	**7,739,923**	7,178,110	$	**28,522,012**	19,439,517
Excise taxes			**(1,426,806)**	(523,799)		**(4,164,674)**	(1,469,671)
Revenue, net			**6,313,117**	6,654,311		**24,357,338**	17,969,846
Cost of goods sold			**6,243,962**	4,751,826		**23,815,992**	11,915,178
Gross profit before changes in fair value			**69,155**	1,902,485		**541,346**	6,054,668
Realized fair value amounts included in inventory sold	3		**832,153**	3,459,001		**9,154,170**	7,515,164
Unrealized loss (gain) on changes in fair value of biological assets	3		**(12,923,388)**	6,264,425		**(15,773,354)**	(16,142,440)
Gross profit (loss)			**12,160,390**	(7,820,941)		**7,160,530**	14,681,944
Amortization			**801,713**	297,490		**1,413,069**	785,346
Selling, general and administrative	16		**5,344,896**	3,927,863		**16,634,560**	11,940,823
Finance costs			**789,052**	217,371		**3,337,375**	351,627
Share-based compensation	10		**1,308,883**	1,035,059		**1,928,021**	4,392,948
Income (loss) before other income (expenses)			**3,915,846**	(13,298,724)		**(16,152,495)**	(2,788,800)
Unrealized (loss) on investment			**(1,812)**	(158,300)		**(32,602)**	(557,633)
Realized loss on investment			-	-		**(33,579)**	-
Interest income			**170**	54,636		**63,037**	164,798
Other income	19		**4,720,417**	-		**6,893,551**	-
Impairment of property, plant and equipment	6		**(6,200,000)**	-		**(6,200,000)**	-
Impairment of goodwill	6		**(16,123,601)**	-		**(16,123,601)**	-
Impairment of intangible	6		**(12,376,399)**	-		**(12,376,399)**	-
Impairment of right-of-use assets	6		**(100,000)**	-		**(100,000)**	-
Income (loss) and comprehensive income (loss)			**(26,165,379)**	(13,402,388)		**(44,062,088)**	(3,181,635)
Basic income (loss) per share	11		**(0.12)**	(0.12)		**(0.21)**	(0.03)
Diluted income (loss) per share	11	$	**(0.12)**	(0.12)	$	**(0.21)**	(0.03)

See accompanying notes to the condensed interim consolidated financial statements

WeedMD Inc.
AMENDED AND RESTATED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(in Canadian dollars)

	Note	Number of Shares	Share Capital	Warrants	Conversion Feature	Contributed Surplus	Deficit	Total
			$	$	$	$	$	$
Balance, January 1, 2019 (Audited)		111,270,564	79,692,641	8,073,109	-	6,613,513	(17,286,946)	77,092,317
Units issued upon property purchase		2,500,000	4,251,692	772,469	-	-	-	5,024,161
Shares issued on option exercise		434,551	406,232	-	-	(145,499)	-	260,733
Shares issued on warrants exercise		225,000	374,590	(104,590)	-		-	270,000
Share based compensation		-	-	-	-	4,392,948	-	4,392,948
Broker warrants issued for Unsecured		-	-	-	-	-	-	-
Convertible Debentures		-	-	587,293	-	-	-	587,293
Warrants issued on Unsecured Convertible		-	-	-	-	-	-	-
Debentures		-	-	1,551,069	-	-	-	1,551,069
Warrant issue costs		-	-	(218,821)	-	-	-	(218,821)
Conversion feature		-	-	-	1,948,727	-	-	1,948,727
Conversion feature issue costs		-	-	-	(274,923)	-	-	(274,923)
Net Income		-	-	-	-	-	(3,181,635)	(3,181,635)
Balance, September 30, 2019 (Unaudited)		**114,430,115**	**84,725,155**	**10,660,529**	**1,673,804**	**10,860,962**	**(20,468,581)**	**87,451,869**
Balance, January 1, 2020 (Audited)		**186,489,559**	**137,646,156**	**10,597,563**	**1,514,025**	**13,980,748**	**(27,679,307)**	**136,059,185**
Share based compensation	10	-	-	-	-	1,059,137	-	1,059,137
Common shares issued upon private placement	9	23,079,763	25,000,000	-	-	-	-	25,000,000
Transfer on issuance of shares	9 & 10	692,393	583,581	-	-	(583,581)	-	-
Deferred stock units issued	10	-	-	-	-	868,884	-	868,884
Net loss (Restated)	20	-	-	-	-	-	(44,062,088)	(44,062,088)
Balance, September 30, 2020 (Unaudited)		**210,261,715**	**163,229,737**	**10,597,563**	**1,514,025**	**15,325,188**	**(71,741,395)**	**118,925,118**

See accompanying notes to condensed interim consolidated financial statements

WeedMD Inc.

AMENDED AND RESTATED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the nine months ended September 30,	Note		2020		2019
	20		*Restated*		
			(Unaudited)		*(Unaudited)*
Cashflows provided by (used in):					
Operating					
Net loss		$	**(44,062,088)**	$	(3,181,635)
Adjustments for:					
Amortization			**1,413,069**		785,346
Impairment	6		**34,800,000**		-
Share based compensation			**1,928,021**		4,392,948
Finance costs			**3,337,375**		351,627
Fair value changes in biological assets included in inventory sold			**9,154,170**		7,515,164
Unrealized gain on changes in fair value of biological assets and inventory			**(15,773,354)**		(16,142,440)
Realized loss on investment			**33,579**		-
Unrealized loss on investments			**32,602**		557,633
			(9,136,626)		(5,721,357)
Change in non-cash working capital	12		**(19,232,209)**		4,987,714
		$	**(28,368,835)**	$	(733,643)
Investing					
Purchase of property, plant, and equipment			**(2,356,557)**		(50,483,193)
Purchase of intangible assets			**(291,261)**		-
Disposal of investments			**139,319**		-
		$	**(2,508,499)**	$	(50,483,193)
Financing					
Proceeds from exercise of warrants			-		270,000
Proceeds from exercise of stock options			-		260,733
Proceeds from convertible debentures, net of issue costs			-		9,932,517
Proceeds from warrant issue, net of issue costs			-		1,919,541
Proceeds from loan financing, net of transaction costs	7		**32,118,287**		-
Proceeds from issuance of share capital	9		**25,000,000**		35,431,472
Payment of lease liabilities	4		**(1,579,544)**		-
Interest paid			**(1,637,082)**		(1,105,193)
		$	**53,901,661**	$	46,709,070
Increase (decrease) in cash			**23,024,327**		(4,507,766)
Cash, beginning of period			**11,296,394**		21,323,641
Cash, end of period		$	**34,320,721**	$	16,815,875
Cash and cash equivalents			**31,125,239**		13,703,225
Restricted cash			**3,195,482**		3,112,650
		$	**34,320,721**	$	16,815,875

See accompanying notes to the condensed interim consolidated financial statements

1. Nature of Operations

WeedMD Inc. is the publicly-traded parent company of WeedMD Rx Inc., a federally-licensed producer and distributor of cannabis products for both the medical and adult-use markets. The Company owns and operates three facilities: CX Industries, operating out of the Company's 26,000 square feet ("sq. ft.") indoor facility in Aylmer, Ontario ("Aylmer Facility") which specializes in cannabis extraction and processing, Starseed Medicinal Inc. ("Starseed"), a wholly owned subsidiary of WeedMD Inc. operating out of the Company's 14,850 sq. ft. indoor facility in Bowmanville, Ontario which specializes in cannabis processing and packaging and a 158-acre property with up to 550,000 sq. ft. of state-of-the-art greenhouses and up to 100 acres of outdoor facility located in Strathroy, Ontario. As at September 30, 2020, the Company has 310,850 sq. ft. of indoor (warehouse and hybrid greenhouse) licensed production space and 27 acres of outdoor licensed production space across its sites. WeedMD has a multi-channeled distribution strategy that includes selling directly to medical patients, strategic relationships across the seniors' market and supply agreements with Shoppers Drug Mart as well as six provincial distribution agencies.

The condensed interim consolidated financial statements of WeedMD Inc. for the three and nine months ended September 30, 2020, are comprised of WeedMD Inc. and its wholly-owned subsidiaries: WeedMD Capital Corp., WeedMD Rx Inc. ("WeedMD Rx") along with its wholly-owned subsidiaries WeedMD Rx Ltd., WMD Ventures Inc., 2686912 Ontario Limited and 2686913 Ontario Inc., and Starseed Holdings Inc. along with its wholly-owned subsidiaries Starseed Medicinal Inc. and North Star Wellness Inc. (collectively, "WeedMD" or the "Company"). WeedMD Rx Ltd., WeedMD Capital Corp and WMD Ventures Inc. are currently dormant.

WeedMD Inc., is a publicly listed company on the TSX Venture Exchange ("TSXV") that trades under the ticker symbol "WMD". WeedMD Inc. is also listed on the OTCQX under the ticker symbol "WDDMF" and on the Frankfurt Stock Exchange under the ticker symbol "4WE". The registered and head office of the Company is located at 250 Elm Street, Aylmer, Ontario, N5H 2M8.

WeedMD Rx was incorporated on March 26, 2013, under the Canada Business Corporations Act as 8472106 Canada Inc. On January 7, 2014, the Company filed its articles of amendment, changed its name to WeedMD Rx Inc. and commenced operations. On April 22, 2016, WeedMD obtained its first licence to produce cannabis under the federal Access to Cannabis for Medical Purposes Regulations ("ACMPR") for its Aylmer facility. On April 28, 2017, WeedMD satisfied Health Canada that its growing processes resulted in finished product that met the strict quality control standards and the Good Production Practices ("GPP") set out in the ACMPR. At this time the Company's licence was renewed and amended to add the activity of sale of dried cannabis and the sale of live cannabis plants.

On June 16, 2017 WeedMD received an amendment to its licence allowing for the production of cannabis oil. Subsequent to this event, the Company successfully produced, packaged and tested several batches of oil. On October 5, 2017, Health Canada once again amended the Company's licence to allow for the sale of cannabis oil and was subsequently granted a licence to sell cannabis oil on December 1, 2017.

On June 8, 2018, WeedMD received its first licence to begin cultivation in 44,000 sq. ft. at the Strathroy site. On December 23, 2018, this licence was amended to include another 66,000 sq. ft., bringing the total licensed operational capacity to 136,000 sq. ft. between both locations. On April 12, 2019, the Company secured a standard processing licence for the Hybrid Greenhouse. On August 2, 2019, the Strathroy licence was further amended to increase the licensed production area to 215,000 sq. ft. On October 16, 2019, WeedMD secured a Health Canada licence for its 50,000 sq. ft. purpose built cannabis processing facility on the Strathroy property.

Effective October 17, 2018, and subsequently amended on May 31, 2019 to include the outdoor production area, the Company is licensed to produce and sell cannabis under the Cannabis Act, with licences effective to October 24, 2020, June 8, 2021 and October 31, 2022 for the Company's three facilities; Aylmer, Strathroy, and Bowmanville, respectively.

On December 20, 2019, through the acquisition of Starseed Holdings, WeedMD acquired 10,000 sq. ft. of indoor licensed production area at the Bowmanville facility. The license is for standard cultivation (indoor), standard processing, and sale of cannabis products.

2. Basis of preparation and Accounting Policies

Basis of Presentation

a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). The condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and therefore should be read in conjunction with the audited annual consolidated financial statements of WeedMD Inc. for the years ended December 31, 2019 and 2018, which have been prepared in accordance with IFRS.

These condensed interim consolidated financial statements were approved by the Board of Directors for issue on February 26, 2021.

b) Basis of presentation

The condensed interim consolidated financial statements have been prepared on a historical cost basis adjusted for impairment except for certain financial instruments and biological assets, which are measured at fair value and inventory which is recorded at the lower of cost and net realizable value.

The functional currency of the Company and its subsidiaries is the Canadian Dollar, which is also the presentation currency of the condensed interim consolidated financial statements.

c) Basis of consolidation

The financial statements of subsidiaries are included in the condensed interim consolidated financial statements from the date that control commences until the date control ceases.

Intercompany balances and transactions, and unrealized gains arising from intercompany transactions are eliminated in preparing the condensed interim consolidated financial statements.

d) Accounting estimates and judgments

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the condensed interim consolidated financial statements and the reported amounts of income and expenses during the reporting period. In addition, the management carried out an impairment test which involves significant amount of estimates and judgments, as explained in detail in Note 6. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The policies and methods applied in the condensed interim consolidated financial statements are consistent with those of the consolidated financial statements for the year ended December 31, 2019.

e) COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the ongoing COVID-19 outbreak as a global health emergency. This resulted in governments worldwide enacting emergency measures to combat the spread of the virus, including the closure of non-essential businesses. In Canada, the production and sale of cannabis is recognized as an essential service.

During the second and third quarters of 2020, the Company has experienced a decline in sales relative to the first quarter of 2020 which, in part, can be attributed to the economic uncertainty caused by the COVID-19 pandemic. While there have been no material impacts to the company's operations, COVID-19 has resulted in changes to the way the company operates, for example, the number of employees allowed in a grow room. Consequently, the Company has taken steps to minimize any potential impact of the pandemic. These actions include postponement of discretionary capital expenditures, reduction of general and administrative expenses, temporary staff reductions, and enhanced process optimization to increase efficiencies and reduce costs.

During the nine months ended September 30, 2020, the Company participated in the Canada Emergency Wage Subsidy program relating to COVID-19 Pandemic Crisis. The subsidy was approved by the Government of Canada and payments were received after the quarter end. Please refer to Note 19 regarding the amounts recognized as a receivable related to the subsidy.

Due to the rapid developments and uncertainty surrounding COVID-19, the challenges continue within the cannabis and other industries, and therefore it is not possible to predict the impact that COVID-19 will have on certain businesses, financial position, and operating results in the future. In addition, it is possible that estimates in the Company's financial statements will change in the near term as a result of COVID-19 and the effect of any such changes could be material, which could result in, among other things, impairment of long-lived assets including intangibles and goodwill. The Company is closely monitoring the impact of the pandemic on all aspects of its business.

f) Going concern

These condensed interim consolidated financial statements have been prepared on a going concern basis which presumes that 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 its operations. As of September 30, 2020, the Company had working capital of $82,660,486 (December 31, 2019 - $30,618,609) and an accumulated deficit of $71,741,395 (December 31, 2019 - $27,679,307). For the nine months ended September 30, 2020, the Company used cash in operating activities of $28,368,835 (nine months ended September 30, 2019 – $733,643), resulting primarily from the net loss of $44,062,088 (nine months ended September 30, 2019 – net loss of $3,181,635) offset by items not affecting cash such as depreciation, amortization, stock based compensation and write downs. The Company has insufficient cash to fund its planned capital investments and operations for the next twelve months. The Company's ability to continue as a going concern is dependent upon its ability to obtain sufficient additional funding and to generate sufficient revenues and positive cash flows from its operating activities to meet its obligations and fund its planned investments and operations. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

On September 23, 2020, the Company announced that it had entered into a credit facility with the LiUNA Pension Fund of Central and Eastern Canada ("LPF"). Under the terms of the Credit Facility, LPF will provide WeedMD $30 million, maturing in August 2022 and bearing a 15% interest rate, with a payment-in-kind option at the Company's discretion. The financing was closed on September 30, 2020.

On June 30, 2020, the Company signed an amendment to its senior secured credit facility entered into on March 29, 2019 (the "Credit Facility") (the "Credit Agreement Amendment"). Under the terms of the Credit Agreement Amendment, the Conversion Date was amended from June 30, 2020 to June 30, 2021, resulting in a deferral of certain covenants by 12 months, and quarterly principal repayments have been rescheduled to December 31, 2020. The Credit Agreement Amendment also requires the Company maintain liquidity coverage of not less than $2,000,000 commencing July 1, 2020. In addition, the Company has agreed to a 50 basis point increase in the applicable interest rate margin on the Credit Facility.

These condensed interim consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. Should the Company be unable to generate sufficient cash flow from financing and operating activities, the carrying value of the Company's assets could be subject to material adjustments and other adjustments may be necessary to these financial statements should such events impair the Company's ability to continue as a going concern.

g) Adoption of New Accounting Pronouncements Effective January 1, 2020

IFRS 3 – Definition of a Business. On October 22, 2018, the IASB issued amendments to IFRS 3 Business Combinations, that seek to clarify whether a transaction results in an asset acquisition or a business combination. The amendments apply to businesses acquired in annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted. The definition of a business is narrower which could result in fewer business combinations being recognized. This amendment has been adopted and there is no significant impact on the Company.

Accounting Policies

a) Government Grant

The Company recognises government grants when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants will be received. Government grants are recognised in the statement of income as other income on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

b) Debt Modification

A substantial debt modification or a debt exchange with substantially different terms is accounted for as an extinguishment of the original liability.

The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability.

Please see Note 7: Loans and Borrowings, in the notes to the Financial Statements, for details regarding the modification of debt.

(Unaudited – Expressed in Canadian Dollars)

c) Transaction costs

Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities, other than financial assets and financial liabilities classified as Fair Value Through Profit and Loss ("FVTPL"), are added or deducted from the fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities classified as FVTPL are recognized immediately in the statement of operations.

3. Inventory and Biological Assets

Inventory is comprised of the following and is valued at the lower of cost and net realizable value:

The Company's biological assets consist of cannabis plants.

		September 30, 2020		December 31, 2019
Dried Cannabis	$	25,723,205	$	18,032,160
Harvested work in progress		6,951,802		910,087
Extracts				
Resin		3,843,647		8,321,073
Crude Oil		775,899		569,672
Finished Oil		4,082,678		2,524,711
Non-cannabis inventory		1,140,311		929,198
	$	**42,517,542**	$	31,286,901

The changes in the carrying value of the Company's biological assets are as follows:

Biological Assets and Inventory		
Carrying amount, December 31, 2018	$	**2,150,076**
Change in the fair value less cost to sell due to biological transformation		20,566,094
Biological assets sold		(17,324)
Production costs capitalized		10,373,548
Transferred to inventory upon harvest		(25,406,518)
Carrying amount, December 31, 2019	$	**7,665,876**
Change in the fair value less cost to sell due to biological transformation		15,773,354
Biological assets sold		-
Production costs capitalized		8,810,213
Transferred to inventory upon harvest		(23,518,847)
Carrying amount, September 30, 2020	$	**8,730,596**

All of the plants are to be harvested as agricultural produce, and are classified as either indoor or outdoor grow. Indoor grow plants are up to fourteen weeks from harvest (December 31, 2019: up to fifteen weeks) and the life cycle is estimated to be ninety three to one hundred forty three days (December 31, 2019: ninety-seven to one hundred seventy-one days). Outdoor grow plants are up to four weeks from harvest (December 31, 2019: Nil) and the life cycle is estimated to be one hundred forty seven to one hundred seventy five days (December 31, 2019: Nil days). The Company did not hold plants to be sold as live plants at September 30, 2020 and December 31, 2019.

Biological assets are classified as level 3 in the fair value hierarchy. There have been no transfers between levels.

In accordance with IFRS, the Company is required to record its biological assets at fair value less cost to sell. At each reporting period, each harvest is adjusted to full fair value less costs to complete and sell based on the actual yield in grams for completed harvests and estimated yield for harvests in progress. Costs incurred during the biological transformation process are capitalized to biological assets when the costs are incurred, fair value adjustments are recorded to reflect the difference between the capitalized costs and fair value less costs to complete and sell. Cannabis which has been harvested is transferred to inventory at the full biological asset carrying value, comprised of capitalized costs and fair value adjustments, for each harvest.

In determination of the Fair Value of Biological Assets, the Company considers the following:

- The product of the expected yield in grams per plant and the expected selling price per gram;
- The expected selling price less selling costs and remaining costs to be incurred in order to complete the harvest and bring the harvested product to finished inventory; and
- The applied discount rate based on the number of days that the Company expects it will take to sell the yield from the biological assets.

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

- Expected yield by plant adjusted for expected wastage – represents the expected number of grams of finished cannabis inventory which are expected to be obtained from each cannabis plant;
- Percentage of costs incurred to date compared to the total expected costs to be incurred per stage of growth and over the life of the plant are used to estimate the fair value of an in-process plant at each stage;
- Expected weighted average selling price per gram of harvested cannabis – calculated as the weighted average historical selling price for all strains of cannabis sold by the Company, which is expected to approximate future selling prices;
- Expected number of days remaining in each stage of growth and over the life of the plant; and
- Expected number of days from harvest to sell the yield from biological assets.

The Company estimates harvest yields for the plants at various stages of growth. As of September 30, 2020, it is expected that the Company's biological assets that are to be harvested from its greenhouse facility will yield approximately 6,157,924 grams (December 31, 2019: 4,481,165 grams) with a value of $ 5,669,200 (December 31, 2019: $7,665,876), based on the current stage of growth. The weighted average selling price used in the valuation is $3.71 per gram (December 31, 2019: $5.02 per gram) and is based on a normalized historical average selling price, adjusted based on expected future sales mix, of all dried cannabis sales and can vary based on the different strains produced and grades of cannabis. The Company estimates percentage of costs incurred based on the stage of growth, as costs are not incurred evenly throughout the grow cycle. Plants on hand at September 30, 2020, have incurred an average of 51 % of costs to harvest (December 31, 2019: 37%).

The Company's estimates are, by their nature, subject to change. Changes in the anticipated yield will be reflected in future changes in the gain or loss on biological assets. The Company performed a sensitivity analysis on the fair value of biological assets using the most sensitive inputs to the fair value methodology. The following table quantifies each significant input, and also provides the estimated impact of a reasonable increase/decrease that each input would have on the fair value of the Company's greenhouse biological assets.

(Unaudited – Expressed in Canadian Dollars)

	September 30, 2020 Valuation inputs	December 31, 2019 Valuation inputs	Percentage change used in sensitivity analysis	Change resulting from reasonable variance as at September 30, 2020	Change resulting from reasonable variance as at December 31, 2019
Selling price	$0.18 to $6.47	$1.00 - $7.24	10%	987,023	1,816,451
Yield by plant	104 grams	86 grams	15%	855,387	1,152,764
Increase in average life cycle	118 days	110 days	10%	609,070	172,532
Decrease in average life cycle	118 days	110 days	10%	673,291	149,563
Percentage of costs to harvest incurred to date	51%	37%	10%	108,301	187,059
Average days to sell	384 days	370 days	15%	172,387	188,755

As of September 30, 2020, it is expected that the Company's biological assets that are to be harvested from its outdoor production will yield approximately 11,027,893 grams (December 31, 2019: nil) with a value of $ 3,061,397 (December 31, 2019: nil). Selling prices used in the valuation are based on a normalized historical average selling price for cannabis produced in the greenhouse, adjusted based on expected future sales mix of $0.53 of all dried cannabis sales and can vary based on the different strains produced. Plants on hand at September 30, 2020, have incurred an average of 87 % of costs to harvest.

The following table quantifies each significant unobservable input, and also provides the impact of a reasonable increase/decrease that each input would have on the fair value of the Company's outdoor biological assets.

	September 30, 2020 Actual	Percentage change used in sensitivity analysis	Change resulting for reasonable variance as at September 30, 2020
Selling price	$0.53	10%	453,066
Yield by plant	707 grams	15%	459,210
Increase in average life cycle	175 days	10%	316,972
Decrease in average life cycle	175 days	10%	307,639
Percentage of costs to harvest incurred to date	87%	10%	13,667
Average days to sell	239 days	15%	59,487

(Unaudited – Expressed in Canadian Dollars)

4. Right-of-Use Assets and Lease Obligations

The following is a breakdown of the carrying amount of the Right-of-Use assets as at September 30, 2020:

	Office Space Queen St.	Office Space 484 Richmond	Building Sprung Greenhouse	Vehicle Truck	Starseed Office Space/ Bowmanville	Total
Cost						
As at, January 1, 2019	$ -	$ -	$ -	$ -	$ -	$ -
Additions	504,605	-	1,762,359	7,968	1,870,154	4,145,086
As at, December 31, 2019	504,605	-	1,762,359	7,968	1,870,154	4,145,086
Additions	-	944,521	-	-	-	944,521
As at September 30, 2020	504,605	944,521	1,762,359	7,968	1,870,154	5,089,607
Depreciation						
As at, January 1, 2019	-	-	-	-	-	-
Depreciation	95,949	-	29,373	5,625	697,401	828,348
As at, December 31, 2019	95,949	-	29,373	5,625	697,401	828,348
Depreciation	75,691	62,968	66,088	2,343	370,404	577,494
As at September 30, 2020	171,640	62,968	95,461	7,968	1,067,805	1,405,842
Impairment						
As at, December 31, 2019	-	-	-	-	-	-
Impairment (Note 6)	9,039	23,931	45,249	-	21,781	100,000
As at September 30, 2020	9,039	23,931	45,249	-	21,781	100,000
Net book value						
As at December 31, 2019	408,656	-	1,732,986	2,343	1,172,753	3,316,738
As at September 30, 2020	$ 323,926	$ 857,622	$ 1,621,649	$ -	$ 780,568	$ 3,583,765

The following is a breakdown of the carrying amount of the Lease obligations as at September 30, 2020:

	Office Space 232 Central Ave.	Office Space Queen St.	Office Space 484 Richmond	Building Sprung Greenhouse	Vehicle Truck	Starseed Office Space/ Bowmanville	Total
Opening lease liability, January 1, 2019	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Additions	322,139	468,341	-	1,653,177	7,969	-	2,451,626
Acquisition	-	-	-	-	-	1,408,206	1,408,206
Interest	15,973	22,015	-	56,413	151	-	94,552
Payments	(40,250)	(70,654)	-	-	(5,970)	-	(116,874)
Modification	(297,862)	-	-	-	-	-	(297,862)
Termination liability	112,847	-	-	-	-	-	112,847
Ending lease liability, December 31, 2019	$ 112,847	$ 419,702	$ -	$ 1,709,590	$ 2,150	$ 1,408,206	$ 3,652,495
Additions	-	-	944,521	-	-	-	944,521
Interest	-	16,899	35,804	76,546	11	55,398	184,658
Payments	(7,500)	(86,751)	(76,180)	(977,368)	(2,146)	(429,599)	(1,579,544)
Ending lease liability, September 30, 2020	$ **105,347**	$ **349,850**	$ **904,145**	$ **808,768**	$ **15**	$ **1,034,005**	$ **3,202,130**
Short Term Portion	$ 15,000	$ 97,973	$ 65,306	$ 808,768	$ 15	$ 538,144	$ 1,525,206
Long Term Portion	$ 90,347	$ 251,877	$ 838,839	$ -	$ -	$ 495,861	$ 1,676,924

The lease commitment schedule for all future lease payments is outlined in the table below:

Within 1 year	$ 1,715,268
Within 2 years	766,050
Within 3 years	282,862
Within 4 years	177,291
Beyond 4 years	712,649
	$ 3,654,119

(Unaudited – Expressed in Canadian Dollars)

5. Property, Plant and Equipment

Cost		Balance at December 31, 2019		Additions		Transfers		Acquisition		Disposal		Balance at September 30, 2020
Security equipment	$	3,297,634	$	29,259	$	-	$	-	$	-	$	3,326,893
Equipment		16,213,312		349,103		-		-		-		16,562,415
Furniture & fixtures		395,766		90,785		-		-		-		486,551
Fence & signage		663,648		-		-		-		-		663,648
Land		3,808,002		-		-		-		-		3,808,002
Building		86,063,658		1,883,903		-		-		-		87,947,561
Leasehold improvements and greenhouse		1,837,322		3,507		-		-		-		1,840,829
	$	112,279,342	$	2,356,557	$	-	$	-	$	-	$	114,635,899

Accumulated Amortization		Balance at December 31, 2019		Additions		Transfers		Acquisition		Disposal		Balance at September 30, 2020
Security equipment	$	(780,862)	$	(226,760)	$	-	$	-	$	-	$	(1,007,622)
Equipment		(1,575,100)		(2,024,250)		-		-		-		(3,599,350)
Furniture & fixtures		(98,456)		(44,280)		-		-		-		(142,736)
Fence & Signage		(48,625)		(34,339)		-		-		-		(82,964)
Building		(1,003,033)		(2,097,737)		-		-		-		(3,100,770)
Leasehold improvements and greenhouse		(1,450)		(525,111)		-		-		-		(526,561)
	$	(3,507,526)	$	(4,952,477)	$	-	$	-	$	-	$	(8,460,003)

Accumulated Impairment (Note 6)		Balance at December 31, 2019		Additions		Transfers		Acquisition		Disposal		Balance at September 30, 2020
Security equipment	$	-	$	(92,615)	$	-	$	-	$	-	$	(92,615)
Equipment		-		(1,433,217)		-		-		-		(1,433,217)
Furniture & fixtures		-		(63,591)		-		-		-		(63,591)
Fence & Signage		-		(23,188)		-		-		-		(23,188)
Land		-		-		-		-		-		-
Building		-		(3,388,183)		-		-		-		(3,388,183)
Leasehold improvements and greenhouse		-		(1,199,206)		-		-		-		(1,199,206)
	$	-	$	(6,200,000)	$	-	$	-	$	-	$	(6,200,000)

Net book value		Balance at December 31, 2019		Additions		Transfers		Acquisition		Disposal		Balance at September 30, 2020
Security equipment		2,516,772		(290,116)		-		-		-		2,226,656
Equipment		14,638,212		(3,108,364)		-		-		-		11,529,848
Furniture & fixtures		297,310		(17,086)		-		-		-		280,224
Fence & Signage		615,023		(57,527)		-		-		-		557,496
Land		3,808,002		-		-		-		-		3,808,002
Building		85,060,625		(3,602,017)		-		-		-		81,458,608
Leasehold improvements and greenhouse		1,835,872		(1,720,810)		-		-		-		115,062
Net book value	$	108,771,816	$	(8,795,920)	$	-	$	-	$	-	$	99,975,896

(Unaudited – Expressed in Canadian Dollars)

Cost		Balance at December 31, 2018		Additions		Transfers		Acquisition		Disposal		Balance at December 31, 2019
Security equipment	$	1,825,961	$	1,491,572	$	-	$	-	$	(19,899)	$	3,297,634
Equipment		2,477,185		10,759,841		1,443,976		1,532,310		-		16,213,312
Furniture & fixtures		167,367		163,034		-		65,365		-		395,766
Fence & signage		17,033		408,536		238,079		-		-		663,648
Land		140,000		1,219,002		2,449,000		-		-		3,808,002
Building		2,227,907		46,230,657		37,608,913		-		(3,819)		86,063,658
Leasehold improvements and greenhouse		35,034,986		7,019,000		(42,001,354)		1,784,690		-		1,837,322
	$	41,890,439	$	67,291,642	$	(261,386)	$	3,382,365	$	(23,718)	$	112,279,342

Accumulated Amortization		Balance at December 31, 2018		Additions		Transfers		Acquisition		Disposal		Balance at December 31, 2019
Security equipment	$	(328,638)	$	(450,234)	$	-	$	-	$	(1,990)	$	(780,862)
Equipment		(335,430)		(1,239,670)		-		-		-		(1,575,100)
Furniture & fixtures		(53,623)		(44,833)		-		-		-		(98,456)
Fence & Signage		(2,401)		(46,224)		-		-		-		(48,625)
Building		(111,133)		(891,878)		-		-		(22)		(1,003,033)
Leasehold improvements and greenhouse		(70,608)		(101,703)		170,861		-		-		(1,450)
	$	(901,833)	$	(2,774,542)	$	170,861	$	-	$	(2,012)	$	(3,507,526)

Net book value		Balance at December 31, 2018		Additions		Transfers		Acquisition		Disposal		Balance at December 31, 2019
Security equipment		1,497,323		1,041,338		-		-		(21,889)		2,516,772
Equipment		2,141,755		9,520,171		1,443,976		1,532,310		-		14,638,212
Furniture & fixtures		113,744		118,201		-		65,365		-		297,310
Fence & Signage		14,632		362,312		238,079		-		-		615,023
Land		140,000		1,219,002		2,449,000		-		-		3,808,002
Building		2,116,774		45,338,779		37,608,913		-		(3,841)		85,060,625
Leasehold improvements and greenhouse		34,964,378		6,917,297		(41,830,493)		1,784,690		-		1,835,872
Net book value	$	40,988,606	$	64,517,100	$	(90,525)	$	3,382,365	$	(25,730)	$	108,771,816

(Unaudited – Expressed in Canadian Dollars)

6. Intangible Assets and Goodwill

Cost		Balance at December 31, 2019		Additions		Acquisition		September 30, 2020
Software	$	1,555,018	$	291,261	$	-	$	1,846,279
Brands and trademarks		2,188,498		-		-		2,188,498
Customer relationships		1,623,278		-		-		1,623,278
Licences		15,735,600		-		-		15,735,600
	$	21,102,394	$	291,261	$	-	$	21,393,655

Accumulated Amortization		Balance at December 31, 2019		Additions		Acquisition		September 30, 2020
Software	$	(51,404)	$	(14,895)	$	-	$	(66,299)
Brands and trademarks		-		(162,735)		-		(162,735)
Customer relationships		-		(173,923)		-		(173,923)
Licences		(52,079)		(1,261,997)		-		(1,314,076)
	$	(103,483)	$	(1,613,550)	$	-	$	(1,717,033)

Accumulated Impairment		Balance at December 31, 2019		Additions		Acquisition		September 30, 2020
Software	$	-	$	(18,435)	$	-	$	(18,435)
Brands and trademarks		-		(20,981)		-		(20,981)
Customer relationships		-		(15,011)		-		(15,011)
Licences		-		(12,321,972)		-		(12,321,972)
	$	-	$	(12,376,399)	$	-	$	(12,376,399)

Net book value		Balance at December 31, 2019		Additions		Acquisition		Balance at September 30, 2020
Software	$	1,503,614	$	257,931	$	-	$	1,761,545
Brands and trademarks		2,188,498		(183,716)		-		2,004,782
Customer relationships		1,623,278		(188,934)		-		1,434,344
Licences		15,683,521		(13,583,969)		-		2,099,552
Net book value	$	20,998,911	$	(13,698,688)	$	-	$	7,300,223

(Unaudited – Expressed in Canadian Dollars)

Cost		Balance at December 31, 2018		Additions		Acquisition		Balance at December 31, 2019
Software	$	372,377	$	1,182,641	$	-	$	1,555,018
Brands and trademarks		-		18,695		2,169,803		2,188,498
Customer relationships		-		-		1,623,278		1,623,278
Licences		-		-		15,735,600		15,735,600
	$	372,377	$	1,201,336	$	19,528,681	$	21,102,394

Accumulated Amortization		Balance at December 31, 2018		Additions		Acquisition		Balance at December 31, 2019
Software	$	-	$	(51,404)	$	-	$	(51,404)
Brands and trademarks		-		-		-		-
Customer relationships		-		-		-		-
Licences		-		(52,079)		-		(52,079)
	$	-	$	(103,483)	$	-	$	(103,483)

Net book value		Balance at December 31, 2018		Additions		Acquisition		Balance at December 31, 2019
Software	$	372,377	$	1,131,237	$	-	$	1,503,614
Brands and trademarks		-		18,695		2,169,803		2,188,498
Customer relationships		-		-		1,623,278		1,623,278
Licences		-		(52,079)		15,735,600		15,683,521
Net book value	$	372,377	$	1,097,853	$	19,528,681	$	20,998,911

At the end of each reporting period, the Company assesses whether there were events or changes in circumstances that would indicate that a CGU or group of CGUs were impaired. The Company considers external and internal factors, including overall financial performance and relevant entity-specific factors, as part of this assessment.

Goodwill was initially recognized on acquisition of Starseed Holdings Inc. in December, 2019 and is monitored at company-wide CGU level. The Company noted indicators of impairment including market capitalization and ongoing business transformation plans and, as a result, carried out an assessment of the impairment of its goodwill and other assets. In testing for impairment, goodwill and other assets acquired in a business combination were allocated to the cash-generating units to which they related. The Company has determined that there is only one CGU at the Company level. As a result of impairment testing, the Company determined an impairment loss of $34,800,000, representing the difference of the amount determined through Value in Use and the carrying value of the assets.

The impairment loss has been allocated as follows:

- Goodwill - $16,123,601;
- Intangible assets - $12,376,399;
- Property, plant and equipment - $6,200,000; and
- Right of use assets -100,000

The significant assumptions applied in the determination of the value in use amount are as explained as follows:

- Cash flows: Estimated cash flows were projected based on estimated operating results from internal sources as well as industry and market trends. Estimated cash flows are primarily driven by sales volumes, selling prices and operating costs. The forecasts are extended to a total of five years (and a terminal year thereafter) were approved by the management;

- Terminal value growth rate: The terminal growth rate was based on historical and projected consumer price inflation, historical and projected economic indicators, and projected industry growth;

- Pre-tax discount rate: The pre-tax discount rate is reflective of the CGUs Weighted Average Cost of Capital (“WACC”). The WACC was estimated based on the risk-free rate, equity risk premium, beta adjustment to the equity risk premium based on a direct comparison approach, an unsystematic risk premium, and cost of debt based on corporate bond yields; and

In addition, the key assumptions used in calculating the value in use are as follows:

- Terminal value growth rate – 3%;
- Budgeted revenue growth rate – 26%; and
- Weighted average cost of capital – 16.5%

7. Loans and Borrowings

On March 29, 2019, the Company entered into combined secured credit agreements totalling $39.1 million (collectively, “Credit Facilities”). The Credit Facilities are comprised of the following:

(i) Facility 1: $3,000,000 committed Revolving Credit Facility (the “Revolver”);
(ii) Facility 2: $33,150,000 committed term loan;
(iii) Facility 3: $3,000,000 committed term loan.

The Credit Facilities mature March 29, 2022 (“Maturity Date”) and bear interest on a tiered rate based on total funded debt to EBITDA. The Interest rate will range from approximately 1% to 2% above Canadian prime rate. Total borrowing costs for the Credit Facilities were $0.4 million. Under the terms of the Credit Facilities, the Company is also subject to certain customary financial and non-financial covenants and restrictions.

In addition, the Credit Facilities are secured by a first priority lien on substantially all of the Company’s personal and real property and assets. In addition, Facility 2 and 3 require $3.0 million of the proceeds to be held as a debt service reserve and will be released in eighteen months upon satisfactory review or when the Company’s twelve-month trailing EBIDTA less cash taxes and unfunded capital expenditures exceed $10 million.

Facility 1 requires interest only payments with the balance due on the Maturity Date. The outstanding balance at any point shall not exceed the Borrowing Base. As at August 10, 2020, a total of $2,973,135 had been drawn from the Revolver, which was outstanding as at September 30, 2020.

Facility 2 requires interest only payments until December 31, 2020 or such later date agreed upon (“Conversion Date”), at which point the principal will become payable and will amortize over ten years with the remaining due upon the Maturity Date. As at September 30, 2020, the Company has drawn $33,150,000 from Facility 2.

Facility 3 requires interest only payments until the Conversion Date, at which point the principal will become payable and will amortize over five years with the remaining due upon the Maturity Date. As at September 30, 2020, the Company has drawn $3,000,000 from Facility 3.

On September 23, 2020, the Company had entered into a credit facility with the LiUNA Pension Fund of Central and Eastern Canada (“LPF”). Under the terms, LPF provided the Company $30 million, maturing in August 2022 and bearing a 15% interest rate per annum and shall accrue daily and be payable monthly in arrears, with a payment-in-kind option at the Company’s discretion, to capitalize interest in lieu of cash payment of interest.

(Unaudited – Expressed in Canadian Dollars)

If an event of default has occurred and is continuing, the loan shall bear interest, both before and after judgment, at a rate per annum of 20%. The financing was closed on September 30, 2020. The transaction cost of $0.9 million was adjusted against the loan and will be accreted over the terms of the loan. The loan is secured against the borrower guarantee, liens on personal property, pledge of shares, lien over real property, leased property, insurance and shareholder loan.

	Facility 1	Facility 2	Facility 3	Term loan	Transaction costs	Total
Proceeds	$ -	$ 33,150,000	$ 3,000,000	$ -	$ (418,611)	$ 35,731,389
Interest	-	1,502,285	126,466	-	-	1,628,751
Accretion	-	-	-	-	97,106	97,106
Interest payments	-	(1,334,764)	(111,306)	-	-	(1,446,070)
Interest payable	-	(167,521)	(15,160)	-	-	(182,681)
Balance, December 31, 2019	$ -	$ 33,150,000	$ 3,000,000	$ -	$ (321,505)	$ 35,828,495
Proceeds	2,973,135	-	-	30,000,000	(854,848)	32,118,287
Interest	29,484	1,475,210	132,388	-	-	1,637,082
Modification	-	113,349	-	-	-	113,349
Accretion	-	-	-	-	101,972	101,972
Interest payments	(29,484)	(1,475,210)	(132,388)	-	-	(1,637,082)
Interest payable	-	-	-	-	-	-
Balance, September 30, 2020	**$ 2,973,135**	**$ 33,263,349**	**$ 3,000,000**	**$ 30,000,000**	**$ (1,074,381)**	**$ 68,162,103**
Current portion of loans and borrowings						3,971,043
Long term portion of loans and borrowings						64,191,060

Under the Credit Facilities until the Conversion Date the Company must maintain a total funded debt to tangible net worth ratio of not more than 1:1. At or after the Conversion Date the Company must maintain a minimum fixed charge coverage ratio of 1.25:1, a senior funded debt to EBITDA of not more than 3:1, and maintain a total funded debt to EBITDA ratio of not more than 4:1.

The Company is also required to maintain $100,000 as security for the Company's corporate credit cards. Both the credit card security and the debt service reserve are recorded as restricted cash.

For the nine months ended September 30, 2020, the Company was compliant with the applicable covenants. On June 30, 2020, the company signed an amendment to its senior secured credit facility entered into on March 29, 2019 (the "Credit Facility") (the "Credit Agreement Amendment"). Under the terms of the Credit Agreement Amendment, the Conversion Date was amended from June 30, 2020 to June 30, 2021, resulting in a deferral of certain covenants by 12 months, and quarterly principal repayments have been rescheduled to December 31, 2020. The Credit Agreement Amendment also requires the Company maintain liquidity coverage of not less than $2,000,000 commencing July 1, 2020. In addition, the Company has agreed to a 50 basis point increase in the applicable interest rate margin on the Credit Facility.

Due to the modification of interest and principal repayment, the net present value of changes to the future contractual cash flows adjusts the carrying amount of the original debt with the difference immediately recognized in profit or loss. The adjusted carrying amount is then amortized over the remaining term of the (modified) liability using the original effective interest rate.

(Unaudited – Expressed in Canadian Dollars)

8. Unsecured Convertible Debentures

	Debentures	Warrants	Conversion Feature	Total
Balance, December 31, 2018	$ -	$ -	$ -	$ -
Issuance - September 25, 2019	8,258,713	1,447,359	1,558,694	11,264,766
Accretion of debentures	283,853	-	-	283,853
Conversion of debentures	(221,446)	-	(44,669)	(266,115)
Balance, December 31, 2019	$ 8,321,120	$ 1,447,359	$ 1,514,025	$ 11,282,504
Accretion of debentures	879,888	-	-	879,888
Balance, September 30, 2020	$ 9,201,008	$ 1,447,359	$ 1,514,025	$ 12,162,392

2019 convertible debenture

On September 25, 2019, the Company closed a bought-deal short-form prospectus offering of 13,115 convertible unsecured debentures units (the “2019 Unsecured Convertible Debentures”) at a price per 2019 Unsecured Convertible Debenture of $1,000 for gross proceeds of $13,115,000 (the “Offering”) with a syndicate of underwriters. The 2019 Unsecured Convertible Debentures bear interest at a rate of 8.5% per annum from the date of issue, payable semi-annually in arrears on June 30 and December 31 of each year. The 2019 Unsecured Convertible Debentures have a maturity date of September 25, 2022 (the “Maturity Date”). The 2019 Unsecured Convertible Debentures are convertible at the option of the holder into Shares of the Company at any time prior to the earlier of (i) close of business on the Maturity Date, and (ii) the business day immediately preceding the date specified by the Company for redemption of the 2019 Unsecured Convertible Debentures upon a change in control at a conversion price of $1.60 per Share (the “Conversion Price”).

The Company may force the conversion of the principal amount of the then outstanding Convertible Debentures at the Conversion Price on not more than 60 days’ and not less than 30 days’ notice should the daily volume weighted average trading price of the Common Shares on the TSXV be greater than $3.20 for the consecutive 20 trading days preceding the notice.

Upon a Change of Control of the Company, holders of the 2019 Unsecured Convertible Debentures will have the right to require the Company to repurchase their Convertible Debentures, in whole or in part, on the date that is 30 days following the giving of notice of the Change of Control, at a price equal to 104% of the principal amount of the Convertible Debentures then outstanding plus accrued and unpaid interest thereon (the "Offer Price").

If 90% or more of the principal amount of the Convertible Debentures outstanding on the date of the notice of the Change of Control have been tendered for redemption, the Company will have the right to redeem all of the remaining Convertible Debentures at the Offer Price.

In connection with the Company’s 2019 Unsecured Convertible Debenture, the Company issued 8,196,875 warrants to the holders of the 2019 Unsecured Convertible Debentures. Each warrant is exercisable into one Share at the Conversion Price ($1.80) for a period of 36 months following the closing of the Offering. The fair value of the warrants was estimated as $3,977,461 with reference to the Monte Carlo option pricing model with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 76.74%; (iii) risk-free rate of 1.53%; (iv) unit price of $1.33; (v) forfeiture rate of nil; (vi) expected life of three years.
Expected volatility is based on the historical volatility of other companies that the Company considers comparable. The Monte Carlo option pricing model was deemed applicable to these warrants and the conversion feature as they have accelerated vesting terms based on the volume weighted average trading price of the outstanding common shares on the TSX Venture Exchange. The Black Scholes option pricing model does not address the accelerated vesting terms, and potential change in the time to the warrant's and conversion feature’s expiry.
The fair value of the liability component at the time of issue was calculated as the discounted cash flows for the 2019 Unsecured Convertible Debentures assuming a market interest rate of 20.92%, which was the estimated rate for the 2019 Unsecured Convertible Debentures without the equity component of the conversion feature. The effective interest rate of the 2019 Unsecured Convertible Debentures after reflecting issuance costs was 26.67%.

(Unaudited – Expressed in Canadian Dollars)

The residual of the principal less the present value of the liability component was allocated to the conversion option and the warrants based on their relative fair value, resulting in an allocation of $1,814,709 to the conversion option and $1,685,087 to the warrants.

The fair value of the conversion feature has been estimated as $4,283,419 using the Monte Carlo pricing model with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 76.74%; (iii) risk-free interest rate of 1.53%; (iv) share price of $1.33; forfeiture rate of nil; and (v) expected life of three years. Expected volatility is based on the historical volatility of other companies that the Company considers comparable.

The Company also issued to the Underwriters 983,624 compensation warrants with a fair value of $587,293. 491,812 of the compensation warrants are exercisable into one Share at an exercise price of $1.60 per share for a period of up to 36 months following the close of the Offering and 491,812 of the compensation warrants are exercisable into one Share at an exercise price of $1.80 per share for a period of up to 36 months following the close of the Offering. The Company paid $1,262,942 in cash for transaction and commission costs. The cash transaction costs and compensation warrants are directly attributable transaction costs and have been allocated to the liability, warrants and conversion feature components in proportion to their initial carrying amounts.

During the year ended December 31, 2019, 350 of the Company's 2019 Unsecured Convertible Debentures were converted into 218,750 common shares at the option of the holder.

9. Share Capital

Authorized
Unlimited common shares

	Note	Number of shares		Amount
Balance as at December 31, 2018		**111,270,564**	**$**	**79,692,641**
Conversion of debentures		218,750		266,115
Shares issued for stock options exercised		434,551		406,232
Shares issued for property purchase		2,500,000		4,251,692
Shares issued for warrants excercised		232,500		387,078
Shares issued on acquisition		71,833,194		52,642,398
Balance as at December 31, 2019		186,489,559		137,646,156
Common shares issued upon private placement		23,079,763		25,000,000
Transfer on issuance of shares		692,393		583,581
Balance as at September 30, 2020		210,261,715	$	163,229,737

On February 4, 2020, the Company announced that its shareholders voted in favour of the resolution approving the private placement and exercise of subscription receipts with the LiUNA Pension of Central and Eastern Canada for gross proceeds of $25 million, which was completed as part of WeedMD's acquisition of Starseed Holdings Inc. With the approval, the subscription receipts automatically convert into 23,079,763 WeedMD common shares and resulted in the creation of a new control person as defined under the applicable policies of the TSX Venture Exchange.

10. Contributed Surplus

The Company has established a stock option plan for its directors, officers, employees and consultants under which the Company may grant options from time to time to acquire a maximum of 10% of the issued and outstanding Shares. The exercise price of each option granted under the plan shall be determined by the Board of Directors.

During the nine months ended September 30, 2020, the Company received services from a vendor in connection with the Acquisition in exchange for 692,393 common shares of the Company. The shares to be issued were valued at $583,581, based on the value of services received.

(Unaudited – Expressed in Canadian Dollars)

On July 17, 2020, the Company granted 2,469,500 options to management, employees, directors and consultants of the Company which were valued based on the value of the instruments as the value of the services was not reliably determinable. Each option is exercisable into one common share at an exercise price of $0.40, until July 16, 2025. 832,167 of the options vest over four months, 832,167 of the options vest over eight month, 832,166 of the options vest over 12 months, The fair value of the Options has been estimated using the Black-Scholes warrant pricing model with the following assumptions: (i) expected dividend yield of 0%; (ii) expected volatility of 106.6%; (iii) risk-free interest rate of 0.35%; (iv) share price of $0.41; (v) forfeiture rate of nil; and (vi) expected life of 60 months. The total fair value of the options is $781,000. Total share-based compensation for the period ended September 30, 2020 is $238,639.

On July 20, 2020, the Company authorized the grant of an aggregate of 2,688,314 deferred share units ("DSUs") to certain directors and officers of the Company. Of the DSUs granted, 1,441,647 will vest immediately, 623,334 will vest on December 8, 2020, and 623,333 will vest on June 8, 2021. The grant date fair value of the DSUs equals the fair market value of the corresponding shares at the grant date. Management estimates the total fair value of the DSUs to be $1,048,442. Total share-based compensation for the period ended September 30, 2020 is $740,568.

On August 5, 2020, the Company authorized the grant of an aggregate of 356,434 deferred share units ("DSUs") to certain directors of the Company as compensation for their services. The DSUs will vest immediately and are granted in lieu of cash compensation for services rendered during the first and second quarter of 2020. The grant date fair value of the DSUs equals the fair market value of the corresponding shares at the grant date. Management estimates the total fair value of the DSUs to be $128,316. Total share-based compensation for the period ended September 30, 2020 is $128,316.

As at September 30, 2020, the Company's outstanding stock options consists of the following:

	Number of options		Contributed surplus	Exercise price
Balance as at December 31, 2018	**8,023,503**	**$**	**6,613,513**	
Stock options granted	2,868,000		1,998,632	$1.53
Stock options granted	300,000		232,196	$2.00
Stock options granted	505,000		198,155	$1.52
Stock options granted on acquisition	5,674,875		1,983,147	$0.98
Stock options granted on acquisition	898,011		126,764	$3.26
Stock options excercised	(434,551)		(145,479)	
Share based compensation	-		2,333,776	
Stock options cancelled	(802,312)		-	
Stock options forfeited	(625,000)		-	
Stock options expired	(62,500)		-	
Restricted stock units issued	-		40,733	
Deferred stock units issued	-		15,730	
Shares to be issued for services	-		583,581	
Balance as at December 31, 2019	**16,345,026**	**$**	**13,980,748**	
Stock options cancelled	(1,045,837)		-	
Stock options forfeited	(2,265,205)		-	
Stock options expired	(598,598)		-	
Transfer on issuance of shares	-		(583,581)	
Share based compensation	-		820,498	
Stock options granted	2,469,500		238,639	
Deferred stock units issued	-		868,884	
Balance as at September 30, 2020	**14,904,886**	**$**	**15,325,188**	

At September 30, 2020, 14,904,886 (December 31, 2019: 16,345,026) Shares have been reserved for stock options as follows:

(Unaudited – Expressed in Canadian Dollars)

Exercise price	Number of options outstanding	Number of options excercisable	Remaining life (years)	Weighted average remaining life (years)	Weighted average exercise price
$0.60	912,000	912,000	0.53	0.03	
$2.36	1,223,000	1,223,000	2.28	0.19	
$1.80	500,000	437,500	2.63	0.09	
$1.74	100,000	87,500	2.71	0.02	
$2.07	800,000	762,500	2.93	0.16	
$1.95	220,000	162,500	3.03	0.04	
$1.53	1,527,500	828,834	3.27	0.34	
$2.00	300,000	250,000	1.54	0.03	
$1.52	280,000	46,667	3.78	0.07	
$0.98	5,674,875	5,674,877	2.09	0.80	
$3.26	898,011	672,937	3.08	0.19	
$0.40	2,469,500	624,125	4.79	0.79	
	14,904,886	11,682,439		2.75	$1.30

11. Loss per Share

		For the three months ended, September 30, 2020		2019		For the nine months ended, September 30, 2020		2019
Basic and diluted loss per share:								
Income (loss) attributable to holders of shares	$	(26,165,379)	$	(13,402,388)	$	(44,062,088)	$	(3,181,635)
Weighted average number of shares outstanding		210,261,715		114,411,686		207,225,126		113,356,494
		(0.12)		(0.12)		(0.21)		(0.03)
Diluted loss per share:								
Loss attributable to holders of shares	$	(26,165,379)		(13,402,388)		(44,062,088)	$	(3,181,635)
Weighted average number of shares outstanding		210,261,715		115,651,791		207,225,126		114,596,600
		(0.12)		(0.12)		(0.21)		(0.03)

For periods where WeedMD records a loss, the company calculates diluted loss per share using the basic weighted average number of shares. If the diluted weighted average number of shares were used, the result would be a reduction in the loss, which would be anti-dilutive. Consequently, for the nine months ended September 30, 2020, the company calculated loss per share using 207,225,126 (nine months ended September 30, 2019 – 113,356,494) common shares.

12. Change in Non-Cash Operating Working Capital

		2020		2019
Trade and other receivables	$	**(4,670,750)**	$	(5,888,707)
Prepaid expenses and deposits		**1,996,593**		130,888
Inventory and biological assets		**54,275**		(5,089,433)
Commodity tax receivable		**1,680,272**		4,540,977
Accounts payable and accrued liabilities		**(15,779,632)**		4,793,989
Deposit payable		-		6,500,000
Unearned revenue		**(2,512,967)**		-
Net Changes in Non-Cash Working Capital	$	**(19,232,209)**	$	4,987,714

(Unaudited – Expressed in Canadian Dollars)

13. Revenue

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2020	September 30, 2019	**September 30, 2020**	September 30, 2019
Direct to patient				
Dried cannabis	**1,628,245**	339,777	**7,897,613**	963,048
Cannabis plants and seeds	-	13,988	-	25,415
Cannabis extracts	**951,810**	118,546	**3,139,317**	378,130
Others	**12,773**	11,322	**37,943**	12,240
	2,592,828	483,633	**11,074,873**	1,378,833
Wholesale				
Dried cannabis	**5,066,809**	6,622,187	**17,106,563**	17,273,359
Cannabis plants and seeds	-	70,000	-	70,000
Cannabis extracts	**80,286**	-	**340,576**	709,145
Others	-	2,290	-	8,180
	5,147,095	6,694,477	**17,447,139**	18,060,684
Total Revenue	**7,739,923**	7,178,110	**28,522,012**	19,439,517

For the period ended September 30, 2020, 52% of the revenue is attributable to 2 customers (September 30, 2019: 2 customers), each represented more than 10% of the Company's revenue.

14. Related Party Transactions

The Company's key management includes the CEO, CFO, and all directors. Transactions with related parties include salaries and service fees.

The amounts due to related parties are recorded at the exchange amounts as agreed upon by the related parties under contracts signed with them, which are non-interest bearing, unsecured, and have no fixed repayment terms.

The balances outstanding are as follows:

	September 30, 2020	December 31, 2019
Accounts payable and accrued liabilities	$ 157,094	$ 172,163

For the nine months ended September 30, 2020 and 2019, total remuneration and service fees paid to key management is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Share based Compensation	$ **729,767**	$ 360,674	$ **729,767**	$ 979,570
Salaries	**336,308**	128,787	**824,966**	382,906
Bonuses	-	128,667	**110,000**	357,959
	$ **1,066,075**	$ 618,128	$ **1,664,733**	$ 1,720,435

During the nine months ended September 30, 2020, 3,044,748 stock options (nine months ended September 30, 2019: 597,500) were issued with fair value of $1,176,758 (nine months ended September 30, 2019: $616,590).

(Unaudited – Expressed in Canadian Dollars)

15. Commitments

The commitment schedule for all future committed payments excluding lease payments disclosed in Note 4 is outlined in the table below:

Within 1 year	$	12,689
Within 2 years		11,975
Within 3 years		9,833
Within 4 years		9,038
Greater than 4 years		2,479
	$	46,014

16. Selling, General and Administrative

		For the three months ended September 30,			For the nine months ended September 30	
		2020	2019		2020	2019
Salaries and benefits	$	3,270,461	1,378,481	$	10,389,327	3,879,524
Rent & occupancy		119,631	148,348		277,601	636,932
Office & Administrative		934,992	970,573		3,795,669	3,246,224
Professional fees		504,461	188,994		1,078,464	485,781
Travel & accomodations		19,607	161,343		175,627	531,305
Selling, marketing and promotion		495,744	1,080,124		917,872	3,161,057
Total	$	5,344,896	3,927,863	$	16,634,560	11,940,823

17. Financial Instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Fair value

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity dates. The fair value of loans and borrowings approximate carrying values as cash flows are discounted using a market rate of interest.

Fair value measurement is disaggregated into three hierarchical levels: Level 1, 2 or 3. Fair value hierarchical levels are directly based on the degree to which the inputs to the fair value measurement are observable. The levels are as follows:

Level 1 – Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 – Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the asset or liability's anticipated life.

(Unaudited – Expressed in Canadian Dollars)

Level 3 – Inputs are unobservable and reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs in determining the estimate.

	Level 1	Level 2	Level 3	Total
Unsecured convertible debentures	$ -	$ -	$ 9,201,008	$ 9,201,008
Share purchase warrants	10,597,563	-	-	10,597,563
Investments in equity instruments	-	232,500	-	232,500
Loans and borrowings	68,162,103	-	-	68,162,103
	$ 78,759,666	**$ 232,500**	**$ 9,201,008**	**$ 88,193,174**

(b) Market risk

Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates, and interest rates will affect the Company's income or the value of its financial instruments. The Company is exposed to price risk with respect to marketable securities and bonds. The Company's approach to managing equity price risk is to optimize the return from its marketable securities within acceptable parameters for equity price risk.

(c) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Company is exposed to credit risk on its trade and other receivables which has a balance of $8,017,175 (December 31, 2019: $3,346,425) and on the promissory note receivable which is owing from Pioneer Cannabis, an investee of the Company, and has a balance of $963,917 (December 31, 2019: 963,917), of which $ 490,177 is current (December 31, 2019: $490,177).

As at September 30, 2020, 60% (December 31, 2019: 45%) of the Company's trade and other receivables balance, excluding the amounts owing from Pioneer Cannabis, is owing from two customers (December 31, 2019: 2 customers). Both representing more than 10% of trade and other receivables, excluding amounts owing from Pioneer Cannabis.

There is higher credit risk on the promissory note due to financial difficulties experienced by Pioneer Cannabis, which contributed to a write-down of the promissory note in 2019.

Cash is generally invested in cash accounts held in Canadian chartered banks, in short-term GICs or in-trust. Restricted cash is generally held as collateral to repay any outstanding balances related to the Company's credit cards. Management believes the risk of loss associated with these assets to be remote. Management believes that the credit risk concentration with respect to financial instruments included in assets has been reduced to the extent presently practicable.

The definition of items that are past due is determined by reference to payment terms agreed to with individual customers, which are normally within 0 to 90 days. Credit risk is low as receivables from LPs are typically received in a short period of time with a strong history of collection, and remaining receivables are due from Government bodies. As at September 30, 2020 the Company has $Nil of impaired receivables (December 31, 2019: $1,951,888). Management expects credit risk to be minimal.

(d) Foreign exchange risk

The Company is exposed to foreign exchange risk in United States dollars. Foreign exchange risk is the risk that the exchange rate that was in effect on the date that an obligation in a foreign currency was made to the Company by a customer or lender, or that an obligation in a foreign currency was made by the Company to a supplier or partner, is different at the time of settlement than it was at the time that the obligation was determined. The Company reduces its exposure to foreign exchange risk by carefully monitoring exchange rates on obligations that are made to the Company. The Company did not have any hedges at the time that the financial statements were issued. The Company does not utilize financial instruments to manage its foreign exchange risk.

(e) Liquidity risk

Liquidity risk is the risk that the Company cannot repay its obligations when they become due to its creditors. The Company reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate working capital to repay trade creditors as they become due. The Company has total current liabilities of $13,561,522 (December 31, 2019: $29,148,067) with cash and cash equivalents on hand of $31,125,239 (December 31, 2019: $8,183,744). In the opinion of management, the liquidity risk exposure to the Company is moderate. The Company will manage the risk exposure through increased future sales, accessing the Revolving Credit Facility, and if necessary, raise additional capital through debt and/or equity.

(f) Cash flow risk

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount, such as a debt instrument held with a floating interest rate, or investments. Floating rate debt exposes the company to fluctuations in cash flows and net earnings due to changes in market interest rates. In the opinion of management, the cash flow risk exposure to the Company is low.

18. Capital Management

The Company includes equity, comprised of shares, warrant reserve, contributed surplus and deficit, in the definition of capital. The Company's objectives when managing capital are as follows:

(i) To safeguard the Company's assets and ensure the Company's ability to continue as a going concern; and

(ii) To raise sufficient capital to achieve the ongoing business objectives including funding of future growth opportunities and meeting its general and administrative expenditures.

The Company manages its capital structure and makes adjustments to it, based on general economic conditions, the Company's short-term working capital requirements, and its planned capital requirements and strategic growth initiatives.

The Company's principal source of capital is from the issuance of common shares. In order to achieve its objectives, the Company expects to spend its working capital, when applicable, and raise additional funds as required.

(Unaudited – Expressed in Canadian Dollars)

19. Other income

Other income includes $3,906,868 wage subsidy received during the nine months period ended September 30, 2020, from Government of Canada pursuant to Canada Emergency Wage Subsidy program relating to Covid-19 Pandemic Crisis. The amount is included as a receivable from the Government and cash and cash equivalent.

Other income also includes $2,985,901 related to a receivable which was previously written off.

The remainder of the amount included in other income relates to miscellaneous receipts.

20. Restatement

On November 30, 2020, the Company filed condensed interim consolidated financial statements for the three and nine months period ended September 30, 2020. Subsequent to filing, the Company reassessed various external and internal factors impacting impairment. As explained in detail in Note 6, these condensed interim consolidated financial statements for the three and nine months period ended September 30, 2020 include the adjustment relating to impairment loss.

A reconciliation of the Company's previously reported balances with the new balances are as follows:

Consolidated statements of loss

	Three months ended September 30, 2020 As previously reported	Adjustment	Three months ended September 30, 2020 As restated	Nine months ended September 30, 2020 As previously reported	Adjustment	Nine months ended September 30, 2020 As restated
	$	$	$	$	$	$
Impairment of property, plant and equipment	—	(6,200,000)	(6,200,000)	—	(6,200,000)	(6,200,000)
Impairment of goodwill	—	(16,123,601)	(16,123,601)	—	(16,123,601)	(16,123,601)
Impairment of intangible	—	(12,376,399)	(12,376,399)	—	(12,376,399)	(12,376,399)
Impairment of right-of-use asset	—	(100,000)	(100,000)	—	(100,000)	(100,000)
	—	(34,800,000)	(34,800,000)	—	(34,800,000)	(34,800,000)
Income (loss) and comprehensive income (loss)	8,634,621	(34,800,000)	(26,165,379)	(9,262,088)	(34,800,000)	(44,062,088)
Loss per share	0.04	(0.16)	(0.12)	(0.04)	(0.17)	(0.21)

(Unaudited – Expressed in Canadian Dollars)

Consolidated statements of financial position

	As previously reported	Adjustment	As restated
	$	$	$
Assets			
Right-of-use assets	3,683,765	(100,000)	3,583,765
Property, plant and equipment	106,175,896	(6,200,000)	99,975,896
Intangible assets	19,676,622	(12,376,399)	7,300,223
Goodwill	16,123,601	(16,123,601)	—
	145,659,884	(34,800,000)	110,859,884
Total assets	242,355,632	(34,800,000)	207,555,632
Shareholders' equity			
Deficit	(36,941,395)	(34,800,000)	(71,741,395)
Total equity	153,725,118	(34,800,000)	118,925,118
Total liabilities and shareholders' equity	242,355,632	(34,800,000)	207,555,632

Consolidated statements of cash flow

	As previously reported	Adjustment	As restated
Net loss	(9,262,088)	(34,800,000)	(44,062,088)
Impairment	—	34,800,000	34,800,000
Cash provided by operating activites	(28,368,835)	—	(28,368,835)

21. Subsequent events

The Company's management has evaluated subsequent events up to February 26, 2021, the date the consolidated financial statements were issued and determined the following events:

a) On February 11, 2021, the Company announced it has entered into a letter of engagement with Eight Capital, under which Eight capital has agreed to purchase, as joint bookrunner and co-lead underwriter along with Canaccord Genuity Corp., 21,342,000 units of the Company (the "Units"), on a bought deal basis at a price per Unit of $0.82 for gross proceeds of $17,500,440. Each Unit will be comprised of one common share of the Company and one-half of one common share purchase warrant (each whole warrant, "Warrant"). Each Warrant shall entitle the holder thereof to purchase one Common Share at an exercise price of $1.00, for a period of 24 months following the closing of the Offering. If, after the one-year anniversary of the closing of the Offering, the daily volume weighted average trading price of the Shares on the TSX Venture Exchange for any 10 consecutive days equals or exceeds $1.64, the Company may, upon providing written notice to the holders of the Warrants, accelerate the expiry date of the Warrants to the date that is 30 days following the date of such written notice. The closing of the Offering is subject to certain conditions including, but not limited to, the receipt of all necessary approvals of the applicable securities regulatory authorities.

b) On February 10, 2021, one consultant has exercised the option for 425,000 shares.

c) On January 7, 2021, the Company exited the Bowmanville facility and reallocated all medical packaging, labelling and distribution activities from its Bowmanville, Ontario site to its Aylmer, Ontario facility.