Canada House Wellness Group Inc.

Condensed Interim Consolidated Financial Statements

January 31, 2021

(Expressed in thousands of Canadian dollars)

(Unaudited)

Canada House Wellness Group Inc.

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Notice of no auditor review of condensed interim consolidated financial statements

Under Part 4, subsection 4.3(3)(a) of National Instrument 51-102 – Continuous Disclosure Obligations, if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Canada House Wellness Group Inc. (the "Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Canada House Wellness Group Inc.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in thousands of Canadian Dollars, except for shares and per share amounts)

	Note	January 31 2021 $000's	April 30, 2020 $000's
ASSETS			
Current assets:			
Cash		**3,274**	1,767
Trade and other receivables	5	**992**	1,014
Inventory	4,6	**7,396**	1,773
Biological assets	4,7	**652**	203
Prepaid expenses and deposits		**715**	225
		13,029	4,982
Property, plant and equipment, net	8	**14,948**	6,140
Right-of-use assets, net	10	**2,438**	3,182
Intangible assets, net	4,9	**7,096**	124
Goodwill	4	**3,088**	-
		40,599	14,428
LIABILITIES			
Current liabilities:			
Trade and other payables		**6,254**	2,089
Due to related parties	12	**73**	73
Current portion of lease liability	10	**430**	703
Current portion of convertible debentures	14	**779**	522
Promissory notes	11	**136**	553
Borrowings	13	**324**	-
Mortgage payable	15	**2,000**	-
		9,996	3,940
Non-current liabilities			
Lease liability	10	**2,072**	2,505
Borrowings	13	**120**	320
Promissory notes	4,11	**10,778**	-
Convertible debentures	14	**3,019**	2,589
Deferred tax liabilities	4	**1,855**	-
		27,840	9,354
SHAREHOLDERS' EQUITY			
Share capital	16	**48,685**	39,241
Equity component of convertible debentures	14	**2,174**	419
Contributed surplus	16,17	**15,505**	13,810
Deficit		**(53,605)**	(48,396)
		12,759	5,074
		40,599	14,428

Nature of operations and going concern (note 1)
Commitments and contingencies (note 20)
Subsequent events (note 24)

Approved by the Board:
"_Dennis Moir_" Chair of the Board "_Norman Betts_" Director

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

Canada House Wellness Group Inc.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in thousands of Canadian Dollars, except for shares and per share amounts)
For the three and nine months ended January 31, 2021 and 2020

		Three months ended		Nine months ended	
		January 31	January 31	January 31	January 31
		2021	2020	2021	2020
	Note	$000's	$000's	$000's	$000's
Revenue					
Referral revenue	23	**1,273**	1,247	**3,799**	3,637
Product revenue	23	**1,864**	47	**4,731**	122
License revenue and other	23	**40**	48	**63**	164
Less excise tax	23	**(305)**	-	**(931)**	-
Net revenue		**2,872**	1,342	**7,662**	3,923
Cost of sales	6,23	**1,183**	26	**3,353**	358
Inventory impairment	6	**432**	-	**432**	-
Gross profit before fair value adjustments		**1,257**	1,316	**3,877**	3,565
Realized fair value loss on sale of inventory		**(91)**	-	**(267)**	-
Unrealized gain (loss) on changes in fair value of biological assets	7	**(319)**	(409)	**778**	(576)
Gross profit		**847**	907	**4,388**	2,989
Expenses					
General and administrative	19	**1,930**	1,626	**5,698**	5,807
Sales and marketing	**19**	**256**	61	**342**	505
Share-based compensation	17	**35**	23	**191**	396
Right-of-use assets amortization	10	**107**	106	**350**	298
Depreciation and amortization	8,9	**239**	539	**654**	1,516
Income (loss) from operations		**(1,720)**	(1,448)	**(2,847)**	(5,533)
Finance and transaction costs (recovery), net		**794**	237	**1,966**	(404)
(Gain) loss on debt settlement		**-**	(1,228)	**385**	(1,228)
Other expenses		**4**	-	**7**	8
Loss before income taxes		**(2,518)**	(457)	**(5,205)**	(3,909)
Provision for (recovery of) income taxes		**-**	(93)	**4**	(106)
Net loss and comprehensive loss for the period		**(2,518)**	(364)	**(5,209)**	(3,803)
Weighted average number of shares outstanding - basic and diluted		**683,453,630**	254,889,995	**640,849,128**	253,715,634
Net loss per share - basic and diluted	18	**$ (0.00)**	$ (0.00)	**$ (0.01)**	$ (0.01)

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

Canada House Wellness Group Inc.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Unaudited - Expressed in thousands of Canadian Dollars, except for shares and per share amounts)
For the nine months ended January 31, 2021 and 2020

	Note	Number of Shares	Share Capital $000's	Contributed Surplus $000's	Equity Component of Convertible Debentures $000's	Deficit $000's	Total Shareholders' Equity $000's
Balance as at May 1, 2019		**253,157,570**	**34,508**	**12,196**	**265**	**(38,571)**	**8,398**
Share-based compensation		-	-	396	-	-	396
Common shares issuable in exchange for services		1,000,000	160	(160)	-	-	-
Common shares issued on settlement of liabilities		61,614,016	1,842	-	-	-	1,842
Forgiveness of contingent consideration		(3,955,596)	(311)	-	-	(302)	(613)
Convertible debenture		-	-	320	10	-	330
Net loss for the period		-	-	-	-	(3,803)	(3,803)
Balance as at January 31, 2020		**311,815,990**	**36,199**	**12,752**	**275**	**(42,676)**	**6,550**
Balance as at May 1, 2020		409,992,178	39,241	13,810	419	(48,396)	5,074
Common shares issued pursuant to business acquisition	4,16	273,461,452	9,444	-	-	-	9,444
Convertible debenture	14	-	-	1,504	1,755	-	3,259
Share-based compensation	17	-	-	191	-	-	191
Net loss and comprehensive loss for the period		-	-	-	-	(5,209)	(5,209)
Balance as at January 31, 2021		**683,453,630**	**48,685**	**15,505**	**2,174**	**(53,605)**	**12,759**

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

Canada House Wellness Group Inc.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - Expressed in thousands of Canadian Dollars, except for shares and per share amounts)
For the nine months ended January 31, 2021 and 2020

	Note	January 31 2021 $000's	January 31 2020 $000's
Cash provided by (used in)			
Operating activities:			
Net loss and comprehensive loss for the period		**(5,209)**	(3,803)
Add (deduct) items not affecting cash			
Depreciation and amortization	8,9	**654**	1,516
Share-based compensation		**191**	396
Cost of sales		**-**	358
Inventory impairment		**432**	-
Unrealized fair value gain (loss) in fair value of biological assets		**(778)**	576
Right-of-use assets amortization	10	**(188)**	(191)
Loss on debt settlement		**385**	(1,228)
Finance charges		**1,051**	(347)
		(3,462)	(2,723)
Changes in non-cash working capital balances related to operations			
Trade and other receivables		**22**	305
Inventory		**(5,277)**	(645)
Biological assets		**(449)**	(99)
Prepaid expenses and deposits		**(490)**	240
Trade and other payables		**6,782**	(782)
Net cash used in operating activities		**(2,874)**	(3,704)
Investing activities:			
Cash from acquisition	4	**139**	-
Purchase of property, plant and equipment		**(632)**	(1,185)
Proceeds from loan receivable		**-**	10
Net cash used in investing activities		**(493)**	(1,175)
Financing activities:			
Issuance of convertible debenture, net of transaction costs		**6,110**	2,428
Repayment of convertible debenture		**(2,818)**	-
Cash interest payments on debenture		**(109)**	(75)
Borrowings		**120**	(17)
Mortgage payable		**2,000**	-
Repayment of promissory note		**(429)**	-
Due to related parties		**-**	(15)
Net cash from financing activities		**4,874**	2,321
Increase (decrease) in cash during the period		**1,507**	(2,558)
Cash, beginning of period		**1,767**	3,427
Cash, end of period		**3,274**	869

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

1. Nature of operations and going concern uncertainty

Canada House Wellness Group Inc. (the "**Company**"), formerly Abba Medix Group Inc., was incorporated on September 29, 1982 under the *Company Act* of the Province of British Columbia and is listed on the Canadian Securities Exchange (the "**Exchange**") under the symbol CHV (formerly "**ABA**").

These unaudited condensed interim consolidated financial statements of the Company for the three and nine months ended January 31, 2021, comprise the results of the Company and its wholly owned subsidiaries Abba Medix Corp. ("**Abba**"), 672800 NB Inc. doing business as Canada House Clinics Inc. ("**CHC**"), The Longevity Project Corp. ("**TLP**"), 690050 NB Inc. doing business as Knalysis Technologies ("**Knalysis**"), 2104071 Alberta Inc., which holds the dispensary license in Edmonton, Alberta, and IsoCanMed Inc. ("**IsoCanMed**"), a licensed producer in Louiseville, Quebec, that produces high quality medical grade cannabis. Canada House's goal is to become the leading cultivator of premium craft cannabis and provider of cannabinoid therapy, targeting the national medical cannabis markets, the recreational adult-use market in Quebec and across Canada.

Using its own proprietary patient management software developed by Knalysis, CHC provides education services concerning appropriate cannabinoid therapies to patients. Abba has received its license to produce medical marijuana under the Access to Cannabis for Medical Purposes Regulations, as well as its license to produce cannabis oil. Abba has received an amendment to its Producer's Licence from Health Canada to include the sale and provision of marijuana seeds. In December 2018, the Company received a sales license to sell products from others, but not its own production. In August 2019, the Company was granted an amended license to sell its own production consisting of dried cannabis products to provincially and territorially authorized provincial retailers and to holders of a license for medical purposes. The Company commenced sale of its Abba branded cannabis flower on October 1, 2019. The registered office is located at 1773 Bayly Street, Pickering, Ontario.

Going concern uncertainty

The unaudited condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes 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 operations. These unaudited condensed interim consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

For the three and nine months ended January 31, 2021, the Company incurred a net loss of $2,518 and $5,209, and as at January 31, 2021, had an accumulated deficit of $53,605 and a working capital surplus of $3,033. Cash flow used in operations for the nine months ended January 31, 2021 was $2,874. Whether, and when, the Company can attain profitability and positive cash flows from operations is subject to material uncertainty. There is a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company will need to raise additional capital in order to fund its planned operations and meet its obligations. While the Company has been successful in obtaining financing to date and believes it will be able to obtain sufficient funds in the future and ultimately achieve profitability and positive cash flows from operations, there can be no assurance that the Company will achieve profitability and be able to do so in the future on terms favourable for the Company.

1. Nature of operations and going concern uncertainty (continued)

COVID-19 global pandemic
On March 11, 2020, the World Health Organization recognized the outbreak of COVID-19 as a global pandemic resulting in uncertain economic and business impact on a global scale. Taking into consideration the impact of COVID-19, the Company has reviewed its significant estimates, assumptions and judgments used in the preparation of these condensed interim consolidated financial statements, including with respect to the determination of whether indicators of impairment exist for its tangible and intangible assets and the credit risk of its counterparties that the Company transacts with.

Based on this analysis, the Company has determined that there was no significant impact to any of managements estimates, assumptions or judgments, however, the continuing uncertainty associated with the COVID-19 pandemic may require changes to certain of these estimates, assumptions or judgments which could have a material impact on the Company's financial position and results of operations.

2. Basis of preparation

Statement of compliance
These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS34"), as issued by the International Accounting Standards Board ("IASB").

These unaudited condensed interim consolidated financial statements were approved and authorized for issuance in accordance with a resolution of the Board of Directors of the Company on March 29, 2021.

These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited financial statements for the year ended April 30, 2020.

3. Significant accounting policies

The accounting policies adopted in the preparation of these unaudited condensed interim consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended April 30, 2020, no new standards other than IFRS 3 mentioned below became effective May 1, 2020. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

New standards, amendments and interpretations adopted by the Company
The following new accounting standards were applied or adopted during the nine months ended January 31, 2021:

IFRS 3 – Business Combinations ("IFRS 3")
In October 2018, the IASB amended IFRS 3 seeking to clarify whether an acquisition transaction results in the acquisition of an asset or the acquisition of a business. The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020, although earlier application is permitted. The Company applied the standard from May 1, 2020. The effects, if any, of the amended standard on the Company's financial performance and disclosure will be dependent on the facts and circumstances of any future acquisition transactions.

4. Business acquisition and reverse takeover

On June 12, 2020, the Company acquired 100% of the outstanding shares of IsoCanMed Inc. ("IsoCanMed"), a fully operational cannabis producer located in Louisville, Quebec, for total consideration of $19,843. The consideration consisted of 273,461,452 exchangeable shares valued as $9,444, plus assumption of three promissory notes ("**Notes**") for $12,500 payable, valued as $10,399, on or before June 12, 2023 and bearing interest at 5% payable annually. The Notes are secured by a general security agreement registered against the assets of IsoCanMed. The Company has the right at any time to prepay all or any portion of the principal amount of the Note without penalty or interest.

The following table sets out the provisional allocation of the purchase price to assets acquired and liabilities assumed:

Purchase Consideration	**$000's**
Exchangeable shares	9,444
Assumption of promissory note	10,399
	19,843
Fair value of net identifiable assets acquired	**$000's**
Net Working Capital	3,780
Tangible Assets	9,869
Intangible Assets	7,000
Other Liabilities	(2,039)
Deferred Tax Liability	(1,855)
	16,755
Goodwill	3,088
	19,843

The purchase price allocation is provisional as the Company is still in the process of obtaining additional information with respect to certain working capital accounts, the valuation of tangible and intangible assets, including their respective amortization periods, and finalization of the fair value of the purchase price consideration.

The acquisition was accounted for as a business combination using the acquisition method, with the results of operations consolidated with the Company from the date of acquisition. Goodwill represents the excess of the purchase price of the acquisition over the fair value of the net identifiable assets acquired. The goodwill recognized is attributable mainly to expected future growth potential and expected synergies. Goodwill arising from the acquisition is deductible for tax purposes.

The exchangeable shares are equity shares of the Company and were exchanged into common shares of the Company at the closing date. The exchangeable shares are subject a lock-up agreement which restricts IsoCanMed's shareholders from selling, transferring or otherwise disposing of at the following terms:

- 25% of the shares, for a period ending on the 6-month anniversary of the closing Date;
- An additional 25% of the shares, for a period ending on the 12-month anniversary of the closing date;

4. Business acquisition and reverse takeover (continued)

- An additional 25% of the shares, for a period ending on the 18-month anniversary of the closing Date; and
- An additional 25% of the shares, for a period ending on the 24-month anniversary of the closing Date.

The exchanged shares have been accounted for in the same manner as an issuance of common shares of the Company. For accounting purposes, the exchangeable share consideration transferred for the acquired business includes a discount in the value of the share consideration to reflect the trading restriction placed on the shares.

5. Trade and other receivables

The Company's trade and other receivables include the following:

	January 31 2021 $000's	April 30, 2020 $000's
Trade and other receivables	**942**	842
Input taxes and other taxes receivables	**50**	172
	992	1,014

As at January 31, 2021, $14 (April 30, 2020 - $11) of allowance for doubtful accounts has been provided for and is not expected to be collected.

6. Inventory

The Company's inventory is comprised of the following:

	Carrying Value $000's
Balance as at April 30, 2019	**-**
Purchased cannabis	827
Harvested cannabis	823
Supplies and consumables	123
Balance as at April 30, 2020	**1,773**
Purchased cannabis	988
Harvested cannabis	4,635
Balance as of January 31, 2021	**7,396**

As of January 31, 2021, the balance of inventory is comprised of a fair value gain of $429 (April 30, 2020 - loss of $555) upon harvest, $5,029 (April 30, 2020 - $1,378) of cost capitalized to inventory and $1,938 (April 30, 2020 - $950) of purchased products.

6. Inventory (continued)

Products purchased from other producers are carried at the lower of their carrying amount and net realizable value. Carrying amount approximates the price paid to acquire the products.

Cost of sales for the three and nine months ended January 31, 2021 includes $1,183 and $3,353 (January 31, 2020 - $15 and $35) of cost of goods sold. There was an underutilization charges of $11 and $323 in the three and nine months ended January 31, 2020 which did not occur in the current period.

The Company also impaired $432 and $432 (January 31, 2020 - Nil and Nil) cannabis inventory during the three and nine months ended January 31, 2021, respectively, due to the costs capitalized exceeding the net realizable value of the inventory.

7. Biological assets

Biological assets consist of cannabis on plants. The changes in the carrying value of biological assets are as follows:

	$000's
Balance as at April 30, 2019	**-**
Production costs capitalized	1,800
Changes in fair value due to biological transformation	(796)
Transferred to inventory upon harvest	(801)
Balance as at April 30, 2020	**203**
Acquired on business combination	585
Production costs capitalized	2,733
Changes in fair value due to biological transformation	2,124
Transferred to inventory upon harvest	(4,993)
Balance as at January 31, 2021	**652**

The Company measures its biological assets at their fair value less costs to sell. This is determined using a model that estimates the expected harvest yield in grams for plants currently being cultivated, and then multiplies that amount by the expected wholesale selling price.

The fair value measurements for biological assets have been categorized as Level 3 fair values based on the inputs to the valuation technique used. The Company's method of accounting for biological assets attributes value accretion on a straight-line basis throughout the life of the biological asset from initial cloning to the point of harvest.

The biological assets were measured at their fair value less costs to sell of $652 on January 31, 2021 (April 30, 2020 - $203).

As at January 31, 2021, it is expected that the Company's cannabis plants biological assets will yield approximately 284,130 grams (April 30, 2020 - 85,500 grams) of dry cannabis flowers and approximately 13,692 grams (April 30, 2020 - 85,500 grams) of dry cannabis trim upon completion of production. For the three and nine months ended January 31, 2021, $(319) and $778 (January 31, 2020 - $(409) and $576 of losses) is recognized as unrealized gain on changes in fair value of biological assets.

8. Property, plant and equipment

Cost	Leasehold Improvements $000's	Equipment $000's	Furniture and Fixtures $000's	Building $000's	Land $000's	Total $000's
Balance as at April 30, 2019	**6,494**	**1,350**	**313**	**261**	**555**	**8,973**
Additions	475	269	13	-	-	757
Disposals	(65)	(110)	(15)	-	-	(190)
Balance as at April 30, 2020	**6,904**	**1,509**	**311**	**261**	**555**	**9,540**
Acquired on business combination	-	1,848	21	7,625	375	9,869
Additions	390	245	9	-	-	644
Disposals	-	-	(12)	-	-	(12)
Balance as at January 31, 2021	**7,294**	**3,602**	**329**	**7,886**	**930**	**20,041**

Accumulated depreciation	Leasehold Improvements $000's	Equipment $000's	Furniture and Fixtures $000's	Building $000's	Land $000's	Total $000's
Balance as at April 30, 2019	**1,147**	**501**	**125**	**30**	**-**	**1,803**
Additions	1,356	242	36	9	-	1,643
Disposals	(2)	(38)	(6)	-	-	(46)
Balance as at April 30, 2020	**2,501**	**705**	**155**	**39**	**-**	**3,400**
Additions	1,054	422	18	199	-	1,693
Disposals	-	-	-	-	-	-
Balance as at January 31, 2021	**3,555**	**1,127**	**173**	**238**	**-**	**5,093**

Net book value	Leasehold Improvements $000's	Equipment $000's	Furniture and Fixtures $000's	Building $000's	Land $000's	Total $000's
Balance as at April 30, 2020	4,403	804	156	222	555	6,140
Balance as at January 31, 2021	**3,739**	**2,475**	**156**	**7,648**	**930**	**14,948**

Of total depreciation for the nine months ended January 31, 2021 totaling $1,693 (January 31, 2020 - $1,597), Nil (January 31, 2020 - $266) has been expensed to cost of sales, $857 (January 31, 2020 - $911) to biological assets, $210 (January 31, 2020 - $112) to inventory and $626 (January 31, 2020 - $308) to depreciation.

9. Intangible assets

Cost	Computer Software $000's	License $000's	Intellectual Property $000's	Total $000's
Balance as at April 30, 2019	**398**	**-**	**4,672**	**5,070**
Impairment	-	-	(4,672)	(4,672)
Balance as at April 30, 2020	**398**	**-**	**-**	**398**
Acquired on business combination	-	7,000	-	7,000
Balance as at January 31, 2021	**398**	**7,000**	**-**	**7,398**

Accumulated Amortization	Computer Software $000's	License $000's	Intellectual Property $000's	Total $000's
Balance as at April 30, 2019	**221**	**-**	**1,173**	**1,394**
Amortization	53	-	1,557	1,610
Impairment	-	-	(2,730)	(2,730)
Balance as at April 30, 2020	**274**	**-**	**-**	**274**
Amortization	28	-	-	28
Balance as at January 31, 2021	**302**	**-**	**-**	**302**

Net Book value	Computer Software $000's	License $000's	Intellectual Property $000's	Total $000's
Balance as at April 30, 2020	124	-	-	124
Balance as at January 31, 2021	**96**	**7,000**	**-**	**7,096**

In June 2020, the Company had a business combination with IsoCanMed and as part of the transaction, a license was acquired and valued at $7,000. (note 4)

10. Right-of-use assets and lease liability

The change in carrying value of the Company's right-of-use assets and lease liability was as follows:

	Right-of-use Assets $000's	Lease Liability $000's
Balance as at April 30, 2019	**3,374**	**3,317**
Additions	410	410
Amortization expense	(602)	-
Interest expense	-	186
Payments	-	(705)
Balance as at April 30, 2020	**3,182**	**3,208**
Disposal	(284)	(283)
Amortization expense	(460)	-
Interest expense	-	116
Payments	-	(539)
Balance as at January 31, 2021	**2,438**	**2,502**
Current	**-**	**430**
Non-current	**2,438**	**2,072**

Of total amortization for the nine months ended January 31, 2021 totaling $460 (January 31, 2020 - $419), Nil (January 31, 2020 - $36) has been expensed to cost of sales, $98 (January 31, 2020 - $78) to biological assets, $12 (January 31, 2020 - $7) to inventory and $350 (January 31, 2020 - $298) to amortization.

11. Promissory notes

Current
In January 2020, the Company issued 30,000,000 common shares at a deemed price per share of $0.05 to each of two former shareholders of MFT and TLP pursuant to separate debt settlement agreements entered into between the Company and each such individual for the satisfaction of $3,000 of remaining contingent consideration of $3,545 owing to the shareholders, which payments were originally due in November 2019. The remaining $545 remains owing under two promissory notes, part of which was repaid in the first nine months ended January 31, 2021. As at January 31, 2021, the balance of promissory notes of $136 includes $123 of principals and the accrued interest at the rate of 5% per annum payable. The Company repaid an additional $70 of principal in March 2021.

Non-current
On June 12, 2020, the Company acquired 100% of the outstanding shares of IsoCanMed. As part of the consideration, the Company assumed three promissory notes in the total amount of $12,500 payable on or before June 12, 2023 and bearing interest at 5% payable annually. The promissory notes are secured by a general security agreement registered against the asset of IsoCanMed. At the time of acquisition, the promissory notes were valued at $10,398. As of January 31, 2021, the amortized cost is $10,778. (note 4)

12. Related party transactions

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the Company, directly or indirectly, including the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Technology Officer and equivalent and Directors.

Compensation expense for the Company's key management personnel for the nine months ended January 31, 2021 and 2020 is as follows:

	January 31, 2021 $000's	January 31, 2020 $000's
Salaries and wages	**1,349**	999
Share-based compensation	**166**	396
General and administrative	**146**	-
	1,661	1,395

During the nine months ending January 31, 2021, the Company paid $127 of consulting fees in total to two shareholders. As of January 31, 2021, the Company owes $136 (April 30, 2020 - $73) to a shareholder of the Company.

All related party transactions were in the normal course of operations, measured at the exchange amount.

13. Borrowings

Borrowings consist of the following:

	January 31, 2021 $000's	April 30, 2020 $000's
Loans from bank	**120**	-
Loan from vendor	**324**	320
	444	320

The loan from vendor is a three-year loan at 2% interest per annum. The interest is payable annually. The loan is unsecured and matures on October 31, 2021.

The loans from bank in the amount of $120 are loans from a Canadian financial institution under the Canada Emergency Business Account ("**CEBA**") program. The loans are due by December 31, 2023 at the interest rate of 5% per annum starting from January 1, 2023. Repaying the balance of the loans on or before December 31, 2022 will result in loan forgiveness of 25 percent ($30).

14. Convertible debentures

During the nine months ended January 31, 2021, the changes of the carrying value of the convertible debentures are as follows:

	2020 Debentures $000's	2017 Debentures $000's	2019 Debenture $000's	Total $000's
Balance as at April 30, 2019	-	386	-	**386**
Principal amount issued	-	-	2,588	**2,588**
Issuance costs	-	-	(159)	**(159)**
Conversion feature at inception	-	-	(154)	**(154)**
Warrants at inception	-	-	(103)	**(103)**
Interest payments	-	(100)	(151)	**(251)**
Interest accretion expense	-	274	530	**804**
Balance as at April 30, 2020	-	**560**	**2,551**	**3,111**
Principal amount issued (repaid)	6,500	-	(2,551)	**3,949**
Issuance costs	(390)	-	-	**(390)**
Conversion feature at inception	(1,755)	-	-	**(1,755)**
Warrants at inception	(1,504)	-	-	**(1,504)**
Interest payments	-	(108)	-	**(108)**
Interest accretion expense	168	327	-	**495**
Balance as at January 31, 2021	3,019	779	**-**	**3,798**
Current	**-**	**779**	**-**	**779**
Non-current	**3,019**	**-**	**-**	**3,019**

2017 convertible debentures

On December 5, 2017, the Company issued 8,624 unsecured convertible debenture ("**2017 Debentures**") units for gross proceeds of $8,624. Of the gross proceeds received, $2,000 represented promissory notes that were settled through the issuance of these convertible debenture units, $75 represented convertible debentures issued to former key management as severance and $130 represented convertible debentures issued as settlement of $176 of trade payables. Each 2017 Debentures unit comprises: (i) $1,000 principal amount of 8.5% unsecured convertible debentures with a maturity date of December 5, 2021; and (ii) 5,263 detachable common share purchase warrants of the Company (each, a "**2017 Warrant**"). Each 2017 Debenture shall be convertible at the holder's option into fully paid common shares of the Company at any time prior to the maturity date at a conversion price of $0.19 per share if converted within the first 12 months following issuance, and at a conversion price of $0.40 per share if converted at any time following the date that is 12 months and one day following issuance until maturity. If the volume weighted average closing price of the common shares is greater than or equal to $0.35 for a period of five consecutive days at any time within the first 12 months of the closing date, the Company has the option to force conversion at $0.19 per share. If the volume weighted average closing price of the common shares of the Company is greater than or equal to $0.50 for a period of five consecutive days at any time after 12 months and before maturity, the Company has the option to force conversion at $0.40 per share.

14. Convertible debentures (continued)

The debentures may be redeemed at any time after issuance on the following basis:

Redemption price	Redemption date
115% of the principal amount plus any accrued and unpaid interest	0–12 months from closing
112% of the principal amount plus any accrued and unpaid interest	12–24 months from closing
109% of the principal amount plus any accrued and unpaid interest	24–36 months from closing
106% of the principal amount plus any accrued and unpaid interest	36–48 months from closing

The interest payable on the debenture is payable monthly in cash. Each December Warrant shall be exercisable into one common share of the Company at an exercise price of $0.30 per share for a period of 12 months following issuance; at an exercise price of $0.40 from 12 months to 24 months following issuance; at an exercise price of $0.60 from 24 months to 36 months following issuance and at an exercise price of $0.80 from 36 months to 48 months following issuance.

Transaction costs consisted of $307 in cash and $356 of broker warrants with identical terms as the December Warrants.

On initial recognition, the Company allocated the proceeds, net of transaction costs, as follows:

	$000's
Convertible debentures, liability	1,934
Conversion feature	1,955
Deferred tax liability on conversion feature	705
Warrants	3,368
	7,962

The value of the conversion option was calculated by subtracting the net present value of the debenture from the face value of the convertible debentures. The net present value of the debenture was calculated using a discount rate of 20.37% over a term of 48 months. As of January 31, 2021, $1,170 of the principal amount of the 2017 debentures remains outstanding.

2019 convertible debenture
On September 10, 2019, the Company issued a convertible security (the "**2019 Debenture**") with a notional value of $3,105 for cash consideration of $2,588. The 2019 Debenture has a term of 24 months and is convertible into common shares of the Company at a fixed conversion price per share of $0.08, being the last closing price of the Company's common shares on the Exchange prior to execution of the Convertible Security Funding Agreement.

The $3,105 notional value of the 2019 Debenture is composed of a principal amount of $2,588 and a imputed interest of $517. The Company is required to repay the cash consideration received of $2,588 in 18 equal monthly payments commencing on the seventh month after closing, except that the repayment amount will be reduced in any month by any amount converted by the investor into the Company’s common shares.

14. Convertible debentures (continued)

The imputed interest will accrue monthly with the holder of the 2019 Debenture having the right to convert accrued interest into the Company's common shares once accrued at a conversion price equal to the last closing market price of the shares on the Exchange on the day prior to conversion. Upon receiving an accrued interest conversion notice from the Investor, the Company may elect to satisfy that conversion in cash.

Upon issuance of the 2019 Debenture, the Company also issued 16,171,875 warrants, with each warrant entitling the holder of the 2019 Convertible Debenture to purchase one common share at an exercise price of $0.15. The warrants expire 36 months from their date of issue, provided that if the volume weighted average price of the Company's common shares is at least $0.60 for 20 consecutive trading days, then the expiry date of the warrants may be accelerated by the Company.

The Company has the right to buyback the Debenture and the prepaid interest at any time with no penalty (the "**BuyBack Right**"). Should the Company exercise its Buy-Back Right, the Investor will have the right to convert 25 percent of the outstanding principal amount and 100 % of the prepaid interest into the Company's common shares.

The 2019 Debenture is secured by a general security agreement from the Company and certain of its subsidiaries.

On initial recognition, the Company allocated the proceeds of $2,429, net of $159 of transaction costs, as follows:

	$000's
Convertible debenture, liability	2,172
Conversion feature	154
Warrants	103
	2,429

On initial recognition, the fair value of the host debt was valued at $2,172 using a discount rate of 25% and a volatility of 75%. The warrants were valued at $103 using a volatility of 75% and risk-free interest rate of 1.6%. The principal amount of $2,588 was allocated to the host debt and subsequently to the warrants and conversion option using the residual approach, with the subsequent allocation between the two equity components based on their prorated fair values. The transaction costs were allocated pro-rata based on each individual component's fair value.

During the nine months ended January 31, 2021, the full amount of the 2019 Debenture was repaid from the proceeds of the 2020 convertible debenture below.

2020 convertible debenture
On August 8, 2020, the Company closed the strategic investment transaction with Archerwill Investments Inc.("**Archerwill**"). Archerwill invested $6,500 in the form of a secured convertible debenture, repaying the 2019 convertible debentures in full. The debenture may be converted into common shares at a price of $0.05 per common share and bears interest at 8.0%, compound annually, convertible into shares or payable in cash at maturity, at the option of Archerwill. Unless converted earlier, the debentures mature in five years.

14. Convertible debentures (continued)

Prior to the transaction, Archerwill beneficially owned or had control or direction over 3,122,000 common shares in the capital of the Company and 4,973,635 securities of the Company convertible into or exercisable for 4,973,635 common shares.

Archerwill concurrently received 130 million common share purchase warrants, exercisable at six cents per share for a period of four years, which, if exercised in full, would subsequently increase Archerwill's ownership interest to 28.3% (assuming Archerwill's conversion and exercise in full of all securities it holds in the Company but no other conversions of outstanding securities of the Company). The transaction costs were allocated pro rata based on each individual component's fair value.

On initial recognition, the Company allocated the proceeds, net of $390 of transaction costs, as follows:

	$000's
Convertible debenture, liability	2,851
Conversion feature	1,755
Warrants	1,504
	6,110

15. Mortgage payable

On December 24, 2020, the Company closed a $2,000 non-dilutive term loan financing at an annual interest rate of 10% (the "Loan"). The Loan is secured by the property and assets of the Company's wholly owned subsidiary, IsoCanMed, in Louiseville, Quebec and is subject to monthly interest-only installments of $17, with the principal amount repayable at the end of one year. The Loan may be extended for an additional year, at the discretion of the lender, upon 30 days written renewal notice by the Company. The renewal notice will indicate if the Company intends to repay any portion of the loan, up to a maximum of $1,000. A commitment fee, equal to 4% of the loan amount less the amount repaid, is payable at the time of renewal.

16. Share capital

(a) Authorized

The authorized share capital of the Company consists of an unlimited number of common shares.

16. Share capital (continued)

(b) Issued and outstanding

	Common Shares Number	Common Shares $000's	Equity component of convertible debentures $000's	Number of Warrants	Contributed Surplus $000's
Balance as at April 30, 2019	**253,157,570**	**34,508**	**265**	**85,868,964**	**12,196**
Common shares issued pursuant to private placement [(b)]	97,342,857	1,813	-	97,342,857	909
Common shares issuable in exchange for professional services [(c)]	1,000,000	160	-	-	(160)
Settlement of liability [(d)]	62,447,347	3,071	-	-	-
Forgiveness of contingent consideration	(3,955,596)	(311)	-	-	-
Convertible debenture	-	-	154	16,171,875	103
Share-based compensation	-	-	-	-	762
Balance as at April 30, 2020	**409,992,178**	**39,241**	**419**	**199,383,696**	**13,810**
Common shares issued pursuant to business combination [(a)]	273,461,452	9,444	-	-	-
Convertible debenture [(note 14)]	-	-	1,755	130,000,000	1,504
Share-based compensation	-	-	-	-	191
Balance as at January 31, 2021	**683,453,630**	**48,685**	**2,174**	**329,383,696**	**15,505**

During the nine months ended January 31, 2021:

(a) The Company issued 273,461,452 common shares pursuant to the acquisition of IsoCanMed Inc. (see note 4) valued at $9,444.

During the year ending April 30, 2020:

(b) In March 2020, the Company issued 97,342,857 common shares and 97,342,857 common share purchase warrants for total cash proceeds of $2,725. The transaction costs were $3. Each common share purchase warrant is exercisable to acquire one common share at an exercise price of $0.05 per common share for a period of three years from the date of issuance. Total proceeds of $2,725 were allocated to common shares ($1,813) and common share purchase warrants ($909) on a fair value proportionate basis. The fair value of common shares on date of issuance was $0.04 per share. The fair value of common share purchase warrants was determined to be $0.03 per warrant using the Black-Scholes option pricing model with a market price per common share of $0.04, a risk-free interest rate of 0.99%, an expected annualized volatility of 75% and expected dividend yield of 0%.

(c) A consultant provided professional services to the Company from February 15, 2019 to April 15, 2019 in exchange for 1,000,000 common shares of the Company. The shares were not issued as April 30, 2019, resulting in recognition of contributed surplus of $160 during the year ended April 30, 2019. The shares were issued during the year, resulting in reclassification of $160 from contributed surplus to shareholders' equity.

16. Share capital (continued)

(d) The Company issued the following shares to settle various obligations of the Company during the year:

	Number of shares	$000's
Settlement of trade payables and other obligations in the amount of $85 for $61 of common shares of the Company	2,114,014	61
Settlement of debt of $10	333,333	10
	2,447,347	71

In addition, in January 2020, the Company issued 30,000,000 common shares at a deemed price per share of $0.05 to each of two former shareholders of MFT and TLP, totaling 60,000,000 common shares, pursuant to separate debt settlement agreements entered into between the Company and each such individual for the satisfaction of $3,000 of remaining contingent consideration of $3,545 owing to the shareholders, which payments were originally due in November 2019.

17. Share-based compensation

The Company has established a stock option plan (the "Option Plan") for directors, officers, employees and consultants of the Company. The Company's Board of Directors determines, among other things, the eligibility of individuals to participate in the Option Plan and the term, vesting periods, and the exercise price of options granted to individuals under the Option Plan.

Each share option converts into one common share of the Company on exercise. No amounts are paid or payable by the individual on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The Company's Option Plan provides that the number of common shares reserved for issuance may not exceed 10% of the common shares that are outstanding unless the Board of Directors shall have increased such limit by a Board of Directors resolution. In addition, the aggregate number of shares so reserved for issuance to one person may not exceed 5% of the issued and outstanding shares. If any options terminate, expire, or are cancelled as contemplated by the Option Plan, the number of options so terminated, expired or cancelled shall again be available under the Option Plan.

(Unaudited - Expressed in thousands of Canadian dollars, except for shares and per share amounts)

17. Share-based compensation (continued)

The changes in the number of stock options during the period were as follows:

	Number of Options #	Weighted Average Exercise Price $
Balance as at April 30, 2019	**20,200,000**	**0.20**
Granted	20,100,000	0.05
Exercised	(3,100,000)	0.21
Balance as at April 30, 2020	**37,200,000**	**0.12**
Forfeited	(3,425,000)	0.15
Balance as at January 31, 2021	**33,775,000**	**0.12**

The following table is a summary of the Company's share options outstanding as at January 31, 2021:

Exercising Price $	Number Outstanding #	Weighted Average Exercising Contractual Life Years	Number Exercisable #
0.050	18,475,000	4.10	15,281,251
0.155	1,000,000	3.20	1,000,000
0.160	100,000	3.22	100,000
0.170	3,550,000	2.80	2,366,667
0.190	1,250,000	2.74	1,250,000
0.200	7,000,000	2.45	7,000,000
0.250	2,400,000	0.77	2,400,000
0.119	33,775,000	3.31	29,397,918

(Unaudited - Expressed in thousands of Canadian dollars, except for shares and per share amounts)

17. Share-based compensation (continued)

The following table is a summary of the Company's share options outstanding as at and April 30, 2020:

Exercising Price $	Number Outstanding #	Weighted Average Exercising Contractual Life Years	Number Exercisable #
0.050	19,900,000	4.85	11,770,833
0.155	1,000,000	3.99	1,000,000
0.160	1,100,000	3.98	433,333
0.170	3,550,000	3.56	1,479,167
0.190	1,500,000	3.50	1,233,333
0.200	7,000,000	3.16	7,000,000
0.250	2,400,000	1.53	2,400,000
0.295	750,000	3.41	750,000
0.119	37,200,000	4.08	26,066,666

The Company recognized $191 of share-based compensation expense during the nine months ended January 31, 2021 (January 31, 2020 – $396), with a corresponding amount recognized as a contributed surplus.

18. Loss per share

Net loss per common share represents net loss attributable to common shareholders divided by the weighted average number of common shares outstanding during the period.

Diluted loss per common share is calculated by dividing the applicable net loss by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding if potentially dilutive common shares had been issued during the period.

For the nine months ended January 31, 2021, diluted loss per share equals basic loss per share due to the anti-dilutive effect of convertible debentures, warrants and stock options. The outstanding number and type of securities that could potentially dilute basic net loss per share in the future, but would have decreased the loss per share (anti-dilutive) for the periods presented, are as follows:

	January 31, 2021 Number of Shares	April 30, 2020 Number of Shares
Convertible debentures	**132,925,000**	32,268,750
Warrants	**329,383,696**	199,383,696
Share options	**33,775,000**	37,200,000
	496,083,696	268,852,446

19. Nature of expenses

General and administrative expenses for the nine months ended January 31, 2021 and 2020 are composed of:

	January 31, 2021 $000's	January 31, 2020 $000's
Salaries, wages and consulting fees	**4,204**	3,733
General operating	**874**	1,071
Occupancy costs	**280**	331
Professional fees	**340**	672
	5,698	5,807

Sales and marketing expenses for the nine months ended January 31, 2021 and 2020 are comprised of:

	January 31, 2021 $000's	January 31, 2020 $000's
Advertising and promotion	**312**	340
Travel	**30**	165
	342	505

20. Commitments and contingencies

Commitments
As at January 31, 2021, the Company is committed under leases for equipment and office space for the following minimum annual rentals:

	$000's
2021	583
2022	511
2023	363
Thereafter	1,491
	2,948

Contingencies

(a) On September 23, 2020, the Company was served with a Statement of Claim for damages for the alleged breach of a former employee's employment agreement, or in the alternative, for the alleged constructive dismissal of a former employee, in the amount of $728 plus interest and costs. The claim was initiated in the Ontario Superior Court of Justice. The Company filed a Statement of Defence to the claim on November 6, 2020 and believes the claim is without merit.

20. Commitments and contingencies (continued)

(b) The Company and its subsidiary, Abba, were served with a Statement of Claim for damages for the alleged failure to pay invoices in the amount of $200 plus pre- and post-judgment interest. Pleadings have now closed, and the parties are in the process of scheduling examinations for discovery. Given that examinations for discovery have not yet occurred, it is too early in the process to have a reasonable expectation or evaluation of the Plaintiff's claim, but the Company believes the claim to be without merit.

(c) The Company has claimed lost profits against a licensed medical cannabis producer and related medical cannabis clinic and their principals for breach of confidence, conversion, breach of contract, conspiracy and breach of trust, breach of fiduciary duty, and negligent misrepresentation in relation to Trauma Healing Centers Inc. The Defendants have counterclaimed, pleadings have now closed, and the parties are in the process of scheduling examinations for discovery. The Company believes that the counterclaim has no basis and it is not probable that it will result in an outflow for the Company.

(d) On October 24, 2019, Abba was served with a Statement of Claim for damages for the alleged wrongful dismissal of a former employee in the amount of $68 plus interest and costs. The claim was initiated in the Ontario Superior Court of Justice. On October 31, 2019, Abba filed and served a Notice of Intent to Defend on the Plaintiff. Abba filed a Statement of Defence to the former employee's Claim with the Court the week of December 26, 2019.

In the ordinary course of business and from time to time, the Company is involved in various other claims related to its ordinary course and conduct of its business. Although such matters cannot be predicted with certainty, management does not consider the Company's exposure to these claims to be material to these consolidated financial statements.

21. Capital management

The Company is an early-stage company and is dependent on raising further capital, primarily equity, to fund its capital expenditures and its operating expenses in excess of revenue until such time as it reaches cash break-even. As at January 31, 2021, the Company had raised, net of issuance costs, approximately $40,612 (April 30, 2020 - $32,112) by the issuance of common shares, warrants, convertible debentures and long-term debt. The Company may raise additional equity in the future, although there can be no assurance that the Company will be successful in doing so.

22. Financial instruments and risk management

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, and arises principally from deposits with banks and outstanding receivables. The Company trades only with recognized, creditworthy third parties. The Company performs credit checks for all customers who wish to trade on credit terms. As at January 31, 2021 and April 30, 2020, two customers represented 47% and 57% of the outstanding trade and other receivable balance, respectively.

The Company does not hold any collateral as security, but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

22. Financial instruments and risk management (continued)

The aging of trade receivables is as follows:

	January 31, 2021 $000's	April 30, 2020 $000's
Not past due	**620**	503
1 to 30 days past due	**249**	262
31 to 60 days past due	**8**	27
Over 61 days past due	**65**	50
	942	842

There was no impairment for credit loss recognized as at January 31, 2021 and April 30, 2020.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's exposure to liquidity risk is dependent on the Company's ability to raise additional financing to meet its commitments and sustain operations. The Company mitigates liquidity risk by management of working capital, cash flows and the issuance of share capital.

The Company is obligated to the following contractual maturities of undiscounted cash flows:

	Carrying Amount $000's	Total Contractual Cash Flow $000's	Year 1 $000's	Year 2 $000's	Year 3 $000's	Year 4 and Beyond $000's
Lease liability	2,502	2,948	583	511	363	1,491
Promissory notes	136	136	136	-	-	-
Promissory note - non-current	10,778	14,375	625	625	13,125	-
Trade and other payables	6,254	6,254	6,254	-	-	-
Convertible debentures	3,798	10,361	1,781	520	520	7,540
Borrowings	444	443	443	-	-	-
Due to related parties	73	73	73	-	-	-
Mortgage payable	2,000	2,183	2,183	-	-	-
	25,985	**36,773**	**12,078**	**1,656**	**14,008**	**9,031**

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Currency risk
Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates. The Company is not exposed to foreign currency exchange risk as it has minimal financial instruments denominated in a foreign currency and substantially all of the Company's transactions are in Canadian dollars, which is also the Company's functional currency.

22. Financial instruments and risk management (continued)

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as at January 31, 2021 as the Company does not have any variable interest rate assets or liabilities.

Other price risk
Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risk as at January 31, 2021.

Fair values
The carrying values of cash, trade and other receivables, loan receivable, trade and other payables, borrowings and convertible debentures approximate the fair values due to the short-term nature of these items or the interest rates and discount rates being at market. The risk of material change in fair value is not considered to be significant due to a relatively short-term nature. The Company does not use derivative financial instruments to manage this risk.

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company’s valuation techniques. A level is assigned to each fair value measurement based on the lowest-level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

- Level 1 – Unadjusted quoted prices as at the measurement date for identical assets or liabilities in active markets.
- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Significant unobservable inputs that are supported by little or no market activity. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

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.

During the nine months ended January 31, 2021, there were no transfers of amounts between levels.

23. Segmented information

The Company reports segment information based on internal reports used by the Chief Operating Decision maker ("**CODM**") to make operating and resource decisions and to assess performance. The CODM is the Chief Executive Officer. The CODM makes decisions and assesses performance of the Company on a consolidated basis such that the Company is a single reportable operating segment.

The Company primarily operates in one principal geographical area, Canada, accordingly all of the Company's long lived assets are located in Canada.

The Company's revenue from external customers by nature is as follow:

	January 31, 2021 $000's	**January 31, 2020 $000's**
Referral revenue[(a)]	**3,799**	3,637
Product revenue	**4,731**	122
License revenue and other	**63**	164
Less excise tax	**(931)**	-
Net revenue	**7,662**	3,923
Cost of sales	**3,353**	358
Gross profit before fair value adjustments	**4,309**	3,565

(a) For the nine months ended January 31, 2021, two customers accounted for 48% of the Company's referral revenue (January 31, 2020 – two customers accounted for 79% of referral revenue).

24. Subsequent events

On March 9, 2021, the Company's board of directors approved the grant of an aggregate of 21,925,000 incentive stock options to certain officers, employees (excluding the company's executive management team) and consultants of the company and its subsidiaries. The options are exercisable at a price of five cents per share and will vest consistent with company policy and past practices. Additionally, all of the options have a five-year term and are based on the Company's stock option plan and the requirements of the Canadian Securities Exchange.