Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)

Britannia Bud Canada Holdings Inc.

September 30, 2021 and 2020
(Unaudited)

To our Shareholders

The accompanying unaudited condensed interim consolidated financial statements of Britannia Bud Canada Holdings Inc. (“BBCH”) have been prepared by and are the responsibility of BBCH’s management in accordance with International Accounting Standards (“IAS”) 34, *Interim Financing Reporting* as issued by the International Accounting Standards Board. These unaudited condensed interim consolidated financial statements do not include all the information and notes required by International Financial Reporting Standards (“IFRS”) for annual financial statements and should be read in conjunction with BBCH’s annual financial statements and notes for March 31, 2021.

Britannia Bud Canada Holdings Inc.

Condensed Interim Consolidated Statements of Financial Position

Expressed in Canadian Dollars

(Unaudited)

As at	Note	September 30, 2021	March 31, 2021
		$	$
Assets			
Current assets:			
Cash		2,863,371	828,321
Accounts receivable		2,143,350	1,686,152
Prepaid expenses		12,431	-
Total current assets		5,019,152	2,514,473
Non-current assets:			
Property and equipment	3	642,830	702,684
Goodwill and intangible assets	4	17,463,635	18,234,344
Total non-current assets		18,106,465	18,937,028
Total assets		**23,125,617**	**21,451,501**
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	10	2,190,140	2,031,506
Interest payable	7	730,729	163,076
Current portion of lease liability	6	46,941	42,906
Director's loan	9	-	225,000
Sellers' loan	9	7,631,400	7,726,776
Total current liabilities		10,599,210	10,189,264
Non-current liabilities:			
Lease liability	6	164,853	188,173
Convertible notes	7	3,926,687	2,363,154
Embedded derivative	7	3,437,129	2,982,172
Warrant liability	8	566,910	543,124
Put option liability	5	1,889,487	2,435,100
Deferred income taxes	10	82,484	87,904
Total non-current liabilities		10,067,550	8,599,627
Total liabilities		20,666,760	18,788,891
Shareholders' equity:			
Share capital	11	441,204	441,204
Contributed surplus	11	157,101	157,101
Non-controlling interest		3,696,375	2,864,935
Accumulated other comprehensive loss		(919,789)	(61,579)
Deficit		(916,034)	(739,051)
Total shareholders' equity		2,458,857	2,662,610
Total liabilities and shareholders' equity		**23,125,617**	**21,451,501**

Commitments (note 16)
Subsequent events (note 17)

These condensed interim consolidated financial statements were approved for issue on November 24, 2021 by the board of directors and signed on its behalf by:

"Peter Shippen" — Director

"Greg Taylor" — Director

Britannia Bud Canada Holdings Inc.

Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

Expressed in Canadian Dollars

(Unaudited)

Periods ended September 30,		Three months 2021	Three months 2020	Six months 2021	Six months 2020
		$	$	$	$
Revenues					
Product sales and other income		1,919,718	-	3,894,567	-
Cost of sales					
Cost of sales	13	438,288	-	863,189	-
Gross Margin		1,481,430	-	3,031,378	-
Expenses					
Selling, general and administration	14	913,385	142,985	1,452,316	160,213
Finance		410,170	-	768,582	-
		1,323,555	142,985	2,220,898	160,213
Income (loss) from operations		157,875	(142,985)	810,480	(160,213)
Other income (expense)					
Change in fair value of embedded derivative	7	(29,518)	-	362,521	-
Foreign currency translation gain (loss)		(101,895)	-	127,889	-
Change in fair value of put option liability	5	217,886	-	545,612	-
Change in fair value of warrant liability	7	46,375	-	134,795	-
Accretion expense	7	(453,357)	-	(839,742)	-
		(320,509)	-	331,075	-
Income (loss) before income taxes		(162,634)	(142,985)	1,141,555	(160,213)
Provision for (recovery of) income taxes					
Current income taxes	10	232,536	-	496,163	-
Deferred income taxes	10	(4,158)	-	(5,420)	-
Total income taxes		228,378	-	490,743	-
Net income (loss)		(391,012)	(142,985)	650,812	(160,213)
Other comprehensive income (loss)					
Currency translation differences		(17,279)	(12,932)	(854,566)	(11,823)
Comprehensive income (loss) for the period		(408,291)	(155,917)	(203,753)	(172,036)
Net income (loss) for the period attributable to:					
Non-controlling interest		408,980	-	827,795	-
Equity shareholders of the Company		(799,992)	(142,985)	(176,983)	(160,213)
Total		(391,012)	(142,985)	650,812	(160,213)
Other comprehensive income (loss) for the period attributable to:					
Non-controlling interest		6,117	-	3,645	-
Equity shareholders of the Company		(23,396)	(12,932)	(858,210)	(11,823)
Total		(17,279)	(12,932)	(854,565)	(11,823)
Basic and diluted weighted average shares outstanding	11	6,318,861	6,318,861	6,318,861	6,318,861
Basic and diluted loss per share		(0.12)	(0.02)	(0.03)	(0.03)

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

Britannia Bud Canada Holdings Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

For the six months ended September 30, 2021 and September 30, 2020

Expressed in Canadian Dollars

(Unaudited)

	Number of common shares	Share capital	Contributed surplus	Deficit	Other comprehensive loss	Deficiency attributable to shareholders of the Company	Non-controlling interest	Total
		$	$	$	$	$	$	$
Balance at March 31, 2020	6,468,861	441,981	157,101	(581,889)	(12,207)	4,986	-	4,986
Share issuance costs	-	(777)	-	-	-	(777)	-	(777)
Net loss for the period	-	-	-	(160,213)	-	(160,213)	-	(160,213)
Other comprehensive income for the period	-	-	-	-	(11,823)	(11,823)	-	(11,823)
Balance at September 30, 2020	**6,468,861**	**441,204**	**157,101**	**(742,102)**	**(24,030)**	**(167,827)**	**-**	**(167,827)**
Balance at March 31, 2021	6,468,861	441,204	157,101	(739,051)	(61,579)	(202,325)	2,864,935	2,662,610
Net income for the period	-	-	-	(176,983)	-	(176,983)	827,795	650,812
Other comprehensive loss for the period	-	-	-	-	(858,210)	(858,210)	3,645	(854,565)
Balance at September 30, 2021	**6,468,861**	**441,204**	**157,101**	**(916,034)**	**(919,789)**	**(1,237,518)**	**3,696,375**	**2,458,857**

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

Britannia Bud Canada Holdings Inc.

Condensed Interim Consolidated Statements of Cash Flows

Expressed in Canadian Dollars

(Unaudited)

	Note	For the six months ended September 30, 2021	For the six months ended September 30, 2020
		$	$
OPERATING ACTIVITIES			
Net Income (loss)		**650,812**	(160,213)
Adjustments for items not involving cash			
Depreciation and amortization	3, 4	**96,516**	-
Interest on lease liability	6	**18,526**	-
Foreign currency translation loss (gain)		**(53,938)**	384
Change in fair value of embedded derivative	7	**(362,521)**	-
Change in fair value of put liability	5	**(545,612)**	-
Change in fair of warrant liability	8	**(134,795)**	-
Warrant liability	8	**12,938**	
Accretion expense	7	**839,742**	-
Deferred income tax	10	**(5,420)**	-
Allocation to non-controlling interest		**831,440**	-
		1,347,688	(159,829)
Changes in non-cash working capital items			
Accounts receivable		**(457,198)**	398
Prepaid expenses		**(12,431)**	-
Accounts payable and accrued liabilities		**158,634**	(94,188)
Total changes in non-cash working capital items		**(310,995)**	(93,790)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**1,036,693**	(253,619)
INVESTING ACTIVITIES			
Purchase of equipment	3	**(57,087)**	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(57,087)**	**-**
FINANCING ACTIVITIES			
Proceeds on issuance of convertible debt	7	**1,628,855**	-
Director's loan	9	**-**	125,000
Share issuance costs	11	**-**	(777)
Interest payment on sellers' loan		**(518,025)**	
Lease payments	6	**(38,205)**	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		**1,072,625**	124,223
Effect of exchange rate changes on cash and cash equivalents		**(17,181)**	-
Increase (decrease) in cash and cash equivalents		**2,035,050**	(129,396)
Cash and cash equivalents at beginning of period		**828,321**	140,894
Cash and cash equivalents at end of period		**2,863,371**	11,498

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

1. Reporting Entity

Britannia Bud Canada Holdings Inc. ("BBCH") (together with its subsidiaries, the "Company") is a company domiciled and incorporated in Canada under the laws of the Province of Ontario. The address of the Company's registered office is 120 Adelaide Street West, Suite 2400, Toronto, Ontario M5H 1T1. The Company provides product testing, safety assessment and compliance services to the cosmetic, consumer packaged goods and nutraceutical industries in the United Kingdom and globally.

2. Basis of Preparation

(a) Statement of compliance

These condensed interim consolidated financial statements for the three and six-months ended September 30, 2021 have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*. Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed.

The accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those set out in note 3 *Significant Accounting Policies* of the Company's annual consolidated financial statements for the year ended March 31, 2021. These condensed interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended March 31, 2021.

These condensed interim consolidated financial statements as at, and for the three and six months ended, September 30, 2021 were approved and authorized for issued by the board of directors on November 24, 2021.

(b) Basis of consolidation

The condensed interim consolidated financial statements comprise the financial statements of BBCH, its wholly owned subsidiary Britannia Bud Company Limited ("BBCL") and Advanced Development and Safety Laboratories Ltd. ("ADSL") of which the Company owns 60%. BBCL and ADSL operate in the United Kingdom and have a functional currency of UK pounds sterling.

All intercompany transactions and balances between and among BBCH and its subsidiaries have been eliminated on consolidation. Where necessary, adjustments are made to assets, liabilities, and results of subsidiaries to bring their accounting policies into line with those used by the Company.

Subsidiaries are entities controlled by BBCH. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The Company controls an entity if it has power to direct the activities of the entity that significantly affects its returns ("the relevant activities"), has exposure or rights to variable returns from its involvement with the entity and has the ability to use its power to affect those returns.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of BBCH and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

(c) COVID-19

In March 2020, the outbreak of the novel strain of corona virus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

(d) Basis of measurement

These condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

(e) Functional and presentation currency

The condensed interim consolidated financial statements are presented in Canadian dollars, which is BBCH's functional currency and the overall presentation currency. The Company's U.K. operations have a functional currency of UK pounds sterling. All financial information presented has been rounded to the nearest dollar except where indicated otherwise.

(f) Use of significant estimates and judgements

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

These condensed interim consolidated financial statements have been prepared on a going concern basis in accordance with IFRS. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. Management carefully manages its cash flows and, as necessary, will undertake efforts to raise additional capital. These condensed interim consolidated statements do not reflect the adjustments or reclassifications of assets and liabilities which would be necessary if the Company were unable to continue as a going concern and therefore be required to realized its assets and liquidate its liabilities and commitments in the normal course of business operations and at amounts different from those in the accompany condensed interim consolidated financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The determination of fair values to the net identifiable assets acquired in business acquisitions often require management to make assumptions or estimates about future events. Changes in any of the assumptions or estimates used in determining fair value of acquired assets and liabilities could impact the amount assigned to assets, liabilities and goodwill in the purchase price allocation.

Goodwill is tested for impairment annually or more frequently if there is an indication of impairment. The assessment of fair values includes estimates and assumptions, discount rates, future operating performance and capital requirements. These estimates and assumptions are based on industry and historical practices as well as future expectations. Changes to these estimates or assumptions could impact the impairment analysis of goodwill.

Information about key assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year are included in the following notes to the annual consolidated financial statements:

- The measurement and period of use of intangible assets including patents and trademarks.
- The measurement and period of use of property and equipment
- The assumptions used to value the right-of-use asset and associated lease obligation upon the adoptionof the lease standard under IFRS 16, Leases.
- The assumptions used to determine the incremental borrowing rate.
- The assumptions used to fair value the debt component, the conversion feature and associated warrants on initial recognition.
- The assumptions used to value options and warrants issued.

(Expressed in Canadian Dollars, except per share amounts)

(g) Significant accounting policies

These condensed interim consolidated financial statements have been prepared using the same accounting policies and methods as those used in the Company's annual consolidated financial statements as at and for the year ended March 31, 2021.

(h) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective at September 30, 2021, and have not been applied in preparing these condensed interim consolidated financial statements. Management has determined that none of these will have a significant effect on these condensed interim consolidated financial statements of the Company.

3. Property and Equipment

	Fixtures & Fittings	Computer Equipment	Right-of-Use Asset	Total
	$	$	$	$
Cost				
Balance, March 31, 2021	499,937	17,933	219,477	737,347
Additions	52,154	4,933	-	57,087
Effect of foreign exchange	(6,171)	(221)	(5,716)	(12,108)
Balance, September 30, 2021	**545,920**	**22,645**	**213,761**	**782,326**
Depreciation				
Balance, March 31, 2021	27,465	862	6,336	34,663
Depreciation	67,806	2,742	24,602	95,150
Effect of foreign exchange	(572)	260	9,995	9,683
Balance, September 30, 2021	**94,699**	**3,864**	**40,933**	**139,496**
Net book value, March 31, 2021	**472,472**	**17,071**	**213,141**	**702,684**
Net book value, September 30, 2021	**451,221**	**18,781**	**172,828**	**642,830**

4. Goodwill and intangibles

	Website	Goodwill	Total
	$	$	$
Cost			
Balance March 31, 2021	4,953	18,229,845	18,234,798
Effect of foreign exchange	(61)	(769,299)	(769,360)
Balance, September 30, 2021	**4,892**	**17,460,546**	**17,465,438**
Amortization			
Balance, March 31, 2021	454	-	454
Amortization	1,366	-	1,366
Effect of foreign exchange	(17)	-	(17)
Balance, September 30, 2021	**1,803**	**-**	**1,803**
Net book value, March 31, 2021	**4,499**	**18,229,845**	**18,234,344**
Net book value, September 30, 2021	**3,089**	**17,460,546**	**17,463,635**

(Expressed in Canadian Dollars, except per share amounts)

5. Acquisition

Mark Richard Bowes-Cavanagh, Claire Suzanne Bowes-Cavanagh, Jonathan Bird Sumner and Robert Sumner (the "Sellers") and BBCH entered into share purchase agreement dated March 10, 2020, wherein BBCH acquired 60% of the issued share capital of ADSL. Completion payments in relation to this agreement were made on February 9, 2021 (the “Completion Date”). The transaction consideration included a cash payment of $5,278,445 (GBP 3,008,819), a loan payable to the Sellers of $7,631,400 (GBP 4,456,813), and a loan payable to ADSL of $6,394,042 (GBP 3,734,183).

As part of its annual assessment of impairment of intangible assets and goodwill, management has not identified any impairment.

Pursuant to the terms of the agreement, on the first three anniversaries of the Completion Date, BBCH has the right to acquire from the Sellers up to an additional 40% of the share capital for an additional consideration. In circumstances where on expiry of the third anniversary of the Completion Date BBCH has not acquired all the shares, the Sellers shall have the right to require BBCH to purchase all of the shares it does not yet own (the “Put Liability”). The total consideration payable for the additional shares (“Put Shares”) upon exercise of the Put Liability and the closing of BBCH’s acquisition of the Put Shares would be equal to the total equity value of the Put Shares, which would be based upon the applicable percentage acquired by BBCH of the total enterprise value for ADSL.

At the close of the transaction, the value of the Put Liability was determined to be $2,464,315 (GBP 1,404,568), representing the difference between the market price and the contract value of the Put Liability, discounted at a rate of 0.23% per annum and assuming the transaction would take place on February 9, 2024. As at September 30, 2021, the fair value of the put liability was remeasured to $1,889,487 (GBP 1,103,479), generating a gain on the change in fair value of the put liability for the three and six months ended September 30, 2021 of $217,886 and $545,612, respectively.

6. Lease liability

	$
Balance as at March 31, 2021	231,079
Lease payments	(38,205)
Lease interest	18,526
Effect of foreign exchange	394
Balance as at September 30, 2021	**211,794**
Current	46,941
Non-current	164,853
Balance as at September 30, 2021	**211,794**

7. Convertible Debentures

The following summarizes the Company’s convertible notes payable as at September 30, 2021 and March 31, 2021:

The Company raised USD $6,127,000 (CAD $7,819,006) through the issuance of 6,127 convertible debentures units (each a "Convertible Debenture Unit"). Each unit, issued for US$1,000, consists of a convertible debenture (each a “Debenture”) and 645 share purchase warrants. The financing was completed in three tranches on January 29, 2021, February 2, 2021 and April 7, 2021 (together, the “Closing Dates”).

The Debentures bear interest at 10% per annum with interest payable annually on December 31, and mature two years from the respective Closing Dates. Each Debenture is convertible, at the option of the holder, at any time prior to six months before the maturity date, into that number of shares computed on the basis of the principal amount of the Debenture divided by the conversion price of US$1.55 per share (the "Debenture Conversion Price").

As defined in the subscription agreement, a Liquidity Event would occur upon (i) the listing of the Company's common shares on a stock exchange, (ii) the completion of a transaction with a capital pool company or other Canadian reporting issuer by way of business combination or other similar transaction pursuant to which the Company's common shares are listed on a stock exchange, (iii) the sale of all or substantially all of the assets of the Company to a person other than an affiliate of the Company, or (iv) a transfer of the shares of the Company, reorganization, amalgamation or merger, as a result of which the shareholders of the Company immediately prior to such transaction would no longer beneficially own, directly or indirectly, more than 50% of the resulting voting shares on a fully-diluted basis. In the event that the Company does not complete a Liquidity Event on or before the date which is 18 months from the Closing Date, the holders of the Debentures shall have the right for a period of 30 days after such date to require the Company to redeem the Debentures at a price equal to US$1,500 per Debenture then outstanding.

On January 29, 2021, the Company completed a tranche of Convertible Debenture Units (the "January 29 Units"), raising US$2,272,000 ($2,903,616). The Debentures have a maturity date of January 29, 2023. 1,465,440 common share purchase warrants were issued.

On February 2, 2021, the Company completed a tranche of Convertible Debenture Units (the "February 2 Units"), raising US$2,564,000 ($3,286,535). The Debentures have a maturity date of February 2, 2023. 1,653,780 common share purchase warrants were issued.

On April 7, 2021, the Company completed a tranche of Convertible Debenture Units (the "April 7 Units"), raising US$1,291,000 ($1,628,855). The Debentures have a maturity date of April 7, 2023. 832,695 common share purchase warrants were issued.

In the event that the Company completes a Liquidity Event, the Debentures shall be deemed to automatically convert, without any further action on the part of the holder and immediately prior to such Liquidity Event, into common shares ("Liquidity Event Conversion"). Upon a Liquidity Event Conversion, any accrued and unpaid interest (calculated daily on the basis of a year of 365 days and pro-rated in the event Debentures are converted during a given year) with respect to the Debentures are to, within 30 days of the completion of the Liquidity Event, is to be paid to the holder by the Company either in cash or in shares of the Company at a deemed price per share equal to the Debenture Conversion Price (as such price may be adjusted in accordance with the exchange ratio applicable to the Liquidity Event transaction).

The Debentures are denominated in US dollars, while convertible in Canadian dollars. As the conversion price in a different currency requires a variable number of shares to settle the Debentures, the Debentures are treated as having an embedded derivative that is treated as a financial liability under IFRS. The fair value of the embedded derivative was $3,437,129 as at September 30, 2021 ($2,982,182 as at March 31, 2021).

For the three and six-month periods ended September 30, 2021, the Company incurred interest expense of $194,130 (USD$163,367) and $376,653 (USD$305,511) (2020 – $nil), respectively. The current portion of interest accrued is included as part of interest payable in the condensed interim consolidated financial statements.

The Company recorded accretion expense of $453,357 and $839,742 and foreign exchange gain $103,115 and $58,058 for the three and six-month periods ended September 30, 2021, respectively.

During the three and six-month periods ended September 30, 2021, $19,202 and $37,190 (2020 - $nil), respectively, of interest was paid to related parties. The outstanding interest payable was $376,653 as at September 30, 2021 ($98,987 as at March 31, 2021).

The fair value at September 30, 2021of the embedded derivative related to the January 29, 2021 Units was determined using the Black Scholes valuation model using the following assumptions: stock price of $1.35; expected life of 1.33 years; $nil dividends; 80% volatility; risk-free interest of 0.53%; foreign exchange rate of 1.2741; and the exercise price of $1.22.

The fair value at September 30, 2021of the embedded derivative related to the February 2, 2021 Units was determined using the Black Scholes valuation model using the following assumptions: stock price of $1.35; expected life of 1.34 years; $nil dividends; 80% volatility; risk-free interest of 0.53%; foreign exchange rate of 1.2741; and the exercise price of $1.22.

The fair value at September 30, 2021of the embedded derivative related to the April 7, 2021 Units was determined using the Black Scholes valuation model using the following assumptions: stock price of $1.35; expected life of 1.52 years; $nil dividends; 80% volatility; risk-free interest of 0.53%; foreign exchange rate of 1.2741; and the exercise price of $1.22.

The continuity of the convertible debentures and the embedded derivative are as follows:

		Convertible Debentures		Embedded Derivative
Balance as at March 31, 2021	$	2,363,154	$	2,982,172
Additions		1,628,855		-
Allocation of additions to embedded derivative		(817,478)		817,478
Allocation of additions to warrant liability (see note 8)		(145,644)		-
Interest accretion		839,742		-
Change in fair value		-		(362,521)
Effect of foreign exchange		58,058		-
Balance as at September 30, 2021	**$**	**3,926,687**	**$**	**3,437,129**

8. Warrant Liabilities

Certain of the common share purchase warrants have exercise prices denominated in US dollars and therefore their exercise would represent a variable number of common shares. As a result, these common share purchase warrants do not meet the fixed- for-fixed criteria under IFRS to be classified as equity and are therefore treated as a financial liability under IFRS.

Convertible Debenture Warrants

See note 7 for details of warrants issued in conjunction with the convertible debentures.

Each common share purchase warrant has a two year term and exercise price of US$2.00 per common share. The Company in its discretion may accelerate the expiration date of the warrants in the event the Company's common shares trade at US$2.50 or more for 20 or more consecutive trading days on the Canadian Securities Exchange.

Brokers' Warrants

On July 14, 2021, the Company issued 74,425 compensation warrants of the Company to brokers, with each compensation warrant being exercisable to acquire one common share at a price of USD $2.00 for a period of 24 months.

The fair value of the warrant liability related to the July 14, 2021 issuance of $12,937 was determined using the Black Scholes valuation model using the following assumptions on issuance: stock price of $1.24; expected life of 2.00 years; $nil dividends; 80% volatility; risk-free interest of 0.45%; foreign exchange rate of 1.2497; and the exercise price of USD $2.00.

The fair value of the warrant derivative liability as at September 30, 2021 of $566,910 ($543,124 as at March 31, 2021) was determined using the Black-Scholes option pricing model with the following weighted average assumptions, judgmentally determined by management:

	Jan 29, 2021 Issuance	Feb 2, 2021 Issuance	Apr 7, 2021 Issuance	Jul 14, 2021 Issuance
Expected life in years	1.33	1.34	1.52	1.79
Market Price	1.22	1.22	1.22	1.22
Strike price	USD $2.00	USD $2.00	USD $2.00	USD $2.00
Risk free interest rate	0.53%	0.53%	0.53%	0.45%
Dividend yield	0%	0%	0%	0%
Expected volatility	80%	80%	80%	80%
Forfeiture rate	75%	75%	75%	75%

(Expressed in Canadian Dollars, except per share amounts)

The continuity of the warrant liability is as follows:

		Convertible Debenture Warrants		Brokers' Warrants		Total
Balance as at March 31, 2021	$	543,124	$	-	$	543,124
Additions		-		12,937		12,937
Allocation of additions to warrant liability		145,644		-		145,644
Change in fair value		(134,174)		(621)		(134,795)
Balance as at September 30, 2021	**$**	**554,594**	**$**	**12,316**	**$**	**566,910**

Changes in the number of these warrants outstanding during the six-month period ended September 30, 2021 are as follows:

	Warrants		Amount		Weighted Average Exercise Price
Balance, March 31, 2021	3,119,220	$	543,124	$	2.00
Granted April 7, 2021	832,695		145,644		2.00
Granted July 14, 2021	74,425		12,937		2.00
Change in fair value			(134,795)		
Balance, September 30, 2021	4,026,340	$	566,910	$	2.00
Weighted average remaining contractual life (years)					1.38

9. Related Party Transactions and Balances

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controllingthe activities of the Company. The directors, Chief Executive Officer, President, Chief Technical Officer and Chief Financial Officer are key management personnel.

	Three months ended September 30,				Six months ended September 30,			
		2021		2020		2021		2020
Salaries, fees and short-term employee benefits	**$**	**114,221**	$	-	**$**	**155,250**	$	-
Interest expense		**549,863**		-		**731,080**		
	$	**664,084**	$	-	**$**	**886,330**	$	-

Director's loan

During the year ended March 31, 2021 the sole director of BBCH extended a loan of $225,000 to BBCH to cover expenses related to working capital and growth needs of the Company. The loan is without interest, unsecured and is repayable on demand. On April 7, 2021 this loan was settled through issuance of 175 Convertible Debenture Units (see note 7). This non-cash transaction has been excluded from the condensed interim consolidated statement of cash flows.

Sellers' Loan

On February 9, 2021, the Company and the Sellers entered into a Sellers' Loan agreement. In connection to this agreement, the Sellers loaned £4,456,813 ($7,631,400) to Britannia, at an interest rate of 6% per annum and initial repayment date of April 30, 2021. On June 15, 2021, the terms of this loan were amended to extend the repayment date to December 31, 2021 and increase the interest rate to 10% per annum effective June 1, 2021.

(Expressed in Canadian Dollars, except per share amounts)

10. Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2020 – 26.5%) to the effective tax rate is as follows:

	For the three-months ended September 30, 2021	2020	For the six-months ended September 30, 2021	2020
Income (loss) before income taxes for the period	**$ (162,634)**	$ (142,985)	**$ 1,141,555**	$ (160,213)
Expected income tax expense (recovery)	**(43,098)**	(37,891)	**302,512**	(42,456)
Accretion on convertible debt	**120,140**	-	**222,532**	-
Non-deductible expenses	**1,483**	-	**15,061**	-
Warrant liability	**3,429**	-	**3,429**	-
Change in fair value of warrant liability	**(12,290)**	-	**(35,721)**	-
Change in fair value of embedded derivative	**7,822**	-	**(96,068)**	-
Change in fair value of put liability	**(57,740)**	-	**(144,587)**	-
Difference between statutory rates	**(97,133)**	745	**(194,024)**	1,129
Change in tax benefits not recognized	**305,765**	37,146	**417,609**	41,327
Income tax expense	**$ 228,378**	$ -	**$ 490,743**	$ -

The Company's income tax expense is as follows:

	For the three months ended September 30, 2021	2020	For the six months ended September 30, 2021	2020
Current income tax expense	**$ 232,536**	$ -	**$ 496,163**	$ -
Deferred income tax recovery	**(4,158)**	-	**(5,420)**	-
Income tax expense	**$ 228,378**	$ -	**$ 490,743**	$ -

The significant components of the Company's temporary differences, unused tax credit and unused tax losses that have not been included on the consolidated statements of financial position are as follows:

	September 30, 2021	March 31, 2020
Non-capital loss carryforwards	**$ 743,214**	$ 146,007
Intangible assets	**(587)**	-
Property and equipment, net of lease liability	**(81,897)**	-
	660,730	146,007
Valuation allowance	**(743,214)**	(146,007)
	$ (82,484)	$ -

Deferred income taxes have not been recognized in respect of the loss carryforwards because it is not probable that future taxable profit will be available against which the Company will be able to use these benefits.

Loss carryforwards

As at September 30, 2021, the Company has non-capital losses in Canada, which under certain circumstances can be used to reduce taxable income of future years, that expire as follows:

Year of expiration	$
2040	469,990
2041	607,343
2042	1,504,845
	2,582,178

As at September 30, 2021, the Company has non-capital losses in the United Kingdom, stated in Canadian dollars, which, under certain circumstances, can be used to reduce taxable income of future years, that expire as follows:

Year of expiration	$
2040	8,457
2041	98,170
2042	99,075
	205,702

11. Share Capital

Authorized
The Company has an unlimited number of authorized voting common shares (the “Common Shares”).

12. Capital Disclosures

The Company’s objectives when managing capital are to ensure its ability to continue as a going concern in order to pursue investments and opportunities which contribute to the success of the Company while providing shareholder returns. The company attempts to maximize returns to shareholders by also minimizing shareholder dilution and, when possible utilizing non-dilutive funding arrangements.

The Company includes equity comprised of share capital, contributed surplus, and accumulated deficit in its definition of capital. The Company has financed it operations and capital requirements primarily through the issuance of shares and recently on secured and convertible notes since inception.

The Company manages its capital structure and adjusts it in light of economic conditions and risk characteristics of its underlying assets. The Company may issue new shares or raise debt. The Company is not subject toany externally imposed capital requirements.

13. Government Assistance

For the three and six-month periods ended September 30, 2021, the Company received £744 ($1,309) and £3,294 ($5,688) (£nil – 2020) under the UK Government’s Coronavirus Job Retention Scheme. This amount has been classified as a reduction to cost of sales in the condensed interim consolidated statement of income (loss) and comprehensive income (loss) and is not repayable.

(Expressed in Canadian Dollars, except per share amounts)

14. Selling, general and administrative expense

Included in selling, general, and administrative expense for the three and six-month periods ended September 30, 2021 and 2020 are the following:

	For the three-months ended September 30, 2021	2020	For the six-months ended September 30, 2021	2020
Office and general	**$ 458,606**	$ 56,505	**$ 592,613**	$ 61,008
Pay, consulting and benefits	**382,613**	81,498	**452,577**	90,798
Professional fees	**28,140**	4,982	**306,160**	8,407
Amortization and depreciation	**41,745**	-	**96,516**	-
Travel and other	**2,281**	-	**4,450**	-
	$ 913,385	$ 142,985	**$ 1,452,316**	$ 160,213

15. Contingencies:

From time to time the Company may become subject to legal proceedings, claims, and litigation arising in the ordinary course of business. While the final outcome of these matters is currently not determinable, the Company does not expect that the ultimate costs to resolve these matters will have a material adverse effect on its consolidated financial position, results of operations, or cash flow.

16. Financial Instruments and Risk Management:

The Company has classified its financial instruments as follows:

	September 30, 2021	March 31, 2021
	$	$
FVTPL, measured at fair value:		
Cash	**2,863,371**	828,321
Warrant liability	**566,910**	543,124
Embedded derivative	**3,437,129**	2,982,172
Put option liability	**1,889,487**	2,435,100
Financial assets, measured at amortized cost:		
Accounts receivable	**2,143,350**	1,686,152
Financial liabilities, measured at amortized cost:		
Accounts payable and accrued liabilities	**898,396**	1,190,386
Interest payable	**730,729**	163,076
Sellers' loan agreement	**7,631,400**	7,726,776
Director's loan	**-**	225,000
Lease liability	**211,794**	231,079
Convertible notes	**3,936,687**	2,363,154

The carrying value of the Company's financial instruments approximate their fair value.

(Expressed in Canadian Dollars, except per share amounts)

Fair values of financial assets and financial liabilities

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. Fair value estimates are made at the statement of financial position date, based on relevant market information and other information about financial instruments.

The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Financial assets				
Cash	2,863,371	-	-	**2,863,371**
As at September 30, 2021	2,863,371	-	-	**2,863,371**
Financial liabilities				
Warrant liability	-	566,910	-	**566,910**
Embedded derivative	-	3,437,129	-	**3,437,129**
Put option liability	-	1,889,487	-	**1,889,487**
As at September 30, 2021	**-**	5,893,526	**-**	**5,893,526**

A 10% increase/decrease in the price per share of the Company's embedded derivative classified as Level 2 would increase/decrease the Company's change in fair value of the embedded derivative by $639,850.

The Company's activities expose it to a variety of financial risks including foreign currency risk, interest rate risk, credit risk, and liquidity risk. These financial instrument risks are actively managed by the Company's management under the policies approved by board of directors. The principal financial risks are managed by the Company's finance department who work hand in hand with the Board and other key management personnel.

There were no transfers between level levels 1 and 2 for recurring fair value measurements during the three and six-month periods ended September 30, 2021. Further there was no transfer out of level 3 measurements.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is mainly exposed to credit risk from credit sales and manages this risk by endeavouring only to deal with customers which are demonstrably credit worthy and through the continuous monitoring of financial exposure by customers.

Credit risk arises from cash and deposits with banks as well as credit exposure to outstanding receivables, the carrying amounts represent the Company's maximum exposure to credit risk.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to liquidity risk with respect to its contractual obligations and financial liabilities. The Company manages liquidity risk by forecasting its cash needs on a regular basis and seeking additional financing from operations and other sources including debt and equity markets as required.

The following table summarizes the maturities of the Company's non-derivative financial liabilities as at September 30, 2021 based on undiscounted contractual cash flows:

	Payment due by Period			
	< 1 year	**2 - 3 years**	**4 - 5 years**	**Total**
Accounts payable and accrued liabilities	$ 898,396	$ -	$ -	$ 898,396
Lease liability	77,696	141,265	66,352	285,313
Sellers' loan	8,249,190	-	-	8,249,190
	$ 9,225,282	$ 141,265	$ 66,352	$ 9,432,899

The following table summarizes the maturities of the Company's derivative financial liabilities payable as at September 30, 2021 based on undiscounted contractual cash flows:

	Payment due by Period			
	< 1 year	**2 - 3 years**	**4 - 5 years**	**Total**
Convertible debentures	$ 1,046,192	$ 8,284,617	$ -	$ 9,330,809
Put liability	-	-	22,453,527	22,453,527
	$ 1,046,192	$ 8,284,617	$ 22,453,527	$ 31,784,336

Currency risk

The Company is exposed to currency risk to the extent that monetary operational expenses are denominated in US dollar and UK Pounds sterling while the functional currency of Canadian dollar is used for reporting. The Company has not entered into any foreign currency contracts to mitigate this risk.

As at September 30, 2021, the Company had the following financial instruments denominated in foreign currencies:

Denominated in:	**USD**	**GBP**
Due to related party	-	4,456,813
Convertible note	3,081,930	-
Warrant liability	444,949	-
Put liability	-	1,103,479
Embedded derivative	2,697,692	-
Interest payable	381,399	151,788
	6,605,970	5,712,080
Foreign currency rate	1.2741	1.7123
Equivalent in Canadian dollars	8,416,666	9,780,795

Based on the about net exposure and assuming that all other variables remain constant, a 10% change in the USD against the CDN would impact net loss and comprehensive loss by $841,667 and a 10% change in the GBP against the CDN would impact net loss and comprehensive loss by $978,080.

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 exposed to fair value risk with respect to convertible notes whichbear interest at fixed rates.

17. Commitments

Business Combination Agreement
On January 21, 2021, the Company entered into an agreement with Rise Life Science Corp. ("RISE") to amend and confirm a letter of intent previously agreed to by the parties (the "Agreement"), pursuant to which RISE and BBCH have agreed to complete a business combination transaction (the "Proposed Transaction"). If completed, the Proposed Transaction will constitute a "fundamental change" of RISE pursuant to the policies of the CanadianSecurities Exchange (the "CSE").

On April 30, 2021, BBCH, RISE and a subsidiary of RISE ("Subco") entered into a Business Combination Agreement pursuant to which BBCH agreed to amalgamate with Subco, to result in a reverse takeover ("RTO") of RISE. On completion of the RTO Transaction, the resulting issuer is to carry on the business and operations of the Company and RISE with a focus on product development and laboratory testing within the food, cosmetics, nutraceutical and wellness sectors.

The Proposed Transaction is not to constitute a non-arm's length transaction or related party transaction under the relevant securities legislation or CSE policies. RISE and BBCH have mutually agreed to a break fee in the event either party elects to pursue an alternative transaction.

The completion of the Proposed Transaction is subject to a number of conditions, including but not limited to the following:
- Approval of the Proposed Transaction by the shareholders of RISE and BBCH, if applicable;
- All required regulatory approvals of the Proposed Transaction, including by the CSE; and
- Conversion of all outstanding RISE convertible debentures.

The shareholders of RISE approved the completion of the Proposed Transaction at their annual general meeting held on September 8, 2021 subject to subsequent approvals from the CSE being obtained (note 18).

18. Subsequent Events

On November 12, 2021, BBCH and Subco amalgamated by way of a triangular amalgamation under the Business Corporations Act (Ontario) (the "Amalgamation") to form "Amalco". Upon the Amalgamation, shareholders of BBCH (the "BBCH Shareholders") exchanged their BBCH shares for common shares of Amalco ("BLAB Shares"). Immediately prior to the effective time of the Amalgamation, BBCH's convertible debentures automatically converted to BBCH common shares at US$1.55 per share, and the shares issued pursuant to the conversion were exchanged alongside other BBCH shares for BLAB Shares in accordance with the terms of the RTO (note 17). The BLAB Shares of resulting issuer, Britannia Life Sciences Inc. began trading on the CSE on November 18, 2021 under the symbol "BLAB".