BIOME GROW INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Biome Grow Inc.

Opinion

We have audited the consolidated financial statements of Biome Grow Inc. and its subsidiaries (the "Company") which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, the consolidated statements of comprehensive loss, changes in equity and cash flows for the years ended December 31, 2020 and 2019, the related notes comprising a summary of significant accounting policies and other explanatory information (together, the "Financial Statements").

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the Financial Statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying Financial Statements, which describes matters that indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the Financial Statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audits. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Waseem Javed.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
April 30, 2021

BIOME GROW INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020 AND 2019
(Expressed in Canadian dollars)

	Note	2020	2019
		$	$
ASSETS			
Current assets			
Cash		**98,113**	1,564,805
Restricted cash	13(d)	**471,386**	500,000
Amounts receivable	5	**38,211**	1,365,864
Prepaid expenses and deposits	6	**307,600**	181,548
Biological assets	7	**-**	168,258
Inventory	8	**-**	2,278,686
Investments - current	9	**11,152,935**	-
Total current assets		**12,068,245**	6,059,161
Investments	9	**512,362**	-
Property, plant, and equipment	10	**-**	3,273,061
Goodwill	11	**-**	4,374,313
TOTAL ASSETS		**12,580,607**	13,706,535
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	12	**2,358,723**	3,875,695
Loans payable - current	13(c)	**1,250,000**	1,250,000
Total current liabilities		**3,608,723**	5,125,695
Loans payable	13(a),13(d)	**2,455,545**	1,661,571
Total liabilities		**6,064,268**	6,787,266
SHAREHOLDERS' EQUITY			
Share capital	15(c)	**23,183,398**	23,110,095
Shares to be issued	15(d)	**-**	515,000
Reserves		**2,492,497**	2,464,531
Deficit		**(19,159,556)**	(19,170,357)
Total equity		**6,516,339**	6,919,269
TOTAL LIABILITIES AND EQUITY		**12,580,607**	13,706,535

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 22)
Subsequent events (Note 23)

These consolidated financial statements were approved and authorized for issue by the Board of Directors on April 30, 2021. They are signed on the Company's behalf by:

"Khurram Malik"
Director

"Mark Lievonen"
Director

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

BIOME GROW INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019
(Expressed in Canadian dollars, except number of shares)

	Note	2020	2019
		$	$
Operating expenses			
Accretion expense	13	**1,373,509**	62,046
Advertising and promotion		**7,643**	786,905
Bad debt expense	5	**380,518**	-
Consulting	19	**1,665,549**	782,556
Depreciation	10	**-**	115,184
General and administration		**44,870**	201,417
Insurance		**176,558**	176,405
Professional fees		**453,000**	1,181,714
Salaries and wages		**1,393,290**	1,166,332
Stock-based compensation	15	**27,966**	-
Transfer agent fees		**56,548**	50,292
Travel		**19,151**	50,573
Utilities		**4,172**	28,690
		5,602,774	4,602,114
Other expenses (income)			
Interest expense	13	**466,276**	-
Other income	16	**(196,725)**	(80,327)
Gain on settlement of debt		**(266,813)**	-
Unrealized gain on investments	9	**(3,888,432)**	-
Write-down of property, plant and equipment	10	**-**	2,975,938
Write-down of intangible assets	11	**-**	1,728,107
Loss from continuing operations before income taxes		**(1,717,080)**	(9,225,832)
Income tax recovery	21	**-**	(265,000)
Net loss from continuing operations		**(1,717,080)**	(8,960,832)
Net income (loss) from discontinued operations	4	**1,477,881**	(519,996)
Net loss and comprehensive loss		**(239,199)**	(9,480,828)
Net loss from continuing operations per share			
Basic and diluted		**(0.02)**	(0.08)
Net income (loss) per share			
Basic and diluted		**(0.00)**	(0.09)
Weighted average number of common shares outstanding			
Basic and diluted		**111,891,383**	110,565,752

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

BIOME GROW INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019
(Expressed in Canadian dollars, except number of shares)

	Number of Shares	Amount	Special Class C Shares	Shares to be (Cancelled) Issued	Reserves	Deficit	Total
	#	$	$	$	$	$	$
Balance, December 31, 2018	**110,128,609**	**20,366,283**	**2,336,000**	**515,000**	**1,485,056**	**(9,689,529)**	**15,012,810**
Warrant exercised	407,920	83,751	-	-	-	-	83,751
Share issued for services and settlement of accounts payable	1,063,370	281,471	-	-	-	-	281,471
Recovery of share issuance costs	-	42,590	-	-	-	-	42,590
Fair value of warrants	-	-	-	-	979,475	-	979,475
Net loss	-	-	-	-	-	(9,480,828)	(9,480,828)
Balance, December 31, 2019	**111,599,899**	**20,774,095**	**2,336,000**	**515,000**	**2,464,531**	**(19,170,357)**	**6,919,269**
Cancellation of shares issuable	-	-	-	(265,000)	-	-	(265,000)
Cancellation of Back Home shares issuable	-	-	-	(250,000)	-	250,000	-
Cancellation of Back Home share capital	-	(100)	-	-	-	-	(100)
Issuance of shares to settle liabilities	817,536	73,403	-	-	-	-	73,403
Stock-based compensation	-	-	-	-	27,966	-	27,966
Net loss	-	-	-	-	-	(239,199)	(239,199)
Balance, December 31, 2020	**112,417,435**	**20,847,398**	**2,336,000**	**-**	**2,492,497**	**(19,159,556)**	**6,516,339**

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

BIOME GROW INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019
(Expressed in Canadian dollars)

	Note	2020	2019
		$	$
Operating activities			
Net loss from continuing operations		**(1,717,080)**	(8,960,832)
Adjustments for non-cash items:			
Amortization of intangibles		**-**	115,184
Accretion		**1,373,509**	62,046
Shares issued for services		**-**	121,312
Stock-based compensation		**27,966**	-
Bad debt expense		**380,518**	-
Interest expense		**(140,008)**	-
Gain on settlement of debt		**(266,813)**	-
Gain on sale of investments		**(433,540)**	-
Unrealized gain on investments		**(3,888,432)**	-
Write-down of property, plant and equipment		**-**	2,975,938
Write-down of intangible assets		**-**	1,728,107
Changes in non-cash working capital items:			
Amounts receivable		**(371,578)**	46,074
Other receivables		**-**	(100,000)
Deposits and prepaid expenses		**(317,284)**	(46,669)
Accounts payable and accrued liabilities		**3,286,248**	798,968
Cash used in continuing operating activities		**(2,066,494)**	(3,259,872)
Cash provided by discontinued operating activities	4	**1,057,353**	1,035,011
Investing activities			
Purchase of property and equipment		**-**	(412,835)
Proceeds on sale of investments		**565,224**	-
Cash provided by (used in) continuing investing activities		**565,224**	(412,835)
Cash provided by (used in) discontinued investing activities	4	**1,242,947**	(1,334,755)
Financing activities of continuing operations			
Loans payable, net of cash costs		-	4,094,000
Advance of term loan		**1,000,000**	-
Debt issuance costs		**(80,000)**	-
Advance of short-term loan		**400,000**	-
Repayment of short-term loan		**(400,000)**	-
Shares issued pursuant to exercise of warrants		**-**	83,751
Repayment of loan payable		**(3,163,676)**	-
Interest paid on loan payable		**(50,660)**	
Cash (used in) provided by continuing financing activities	4	**(2,294,336)**	4,177,751
Change in cash, continuing operations		**(3,795,606)**	505,044
Change in cash, discontinued operations	4	**2,300,300**	(299,744)
Cash and restricted cash, beginning of year		**2,064,805**	1,859,505
Cash and restricted cash, end of year		**569,499**	2,064,805

Supplemental cash flow disclosures (note 20)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Biome Grow Inc. (the "Company") was incorporated under the *Business Corporations Act* of British Columbia on December 31, 2013. The head office and principal business location of the Company is 1401-480 University Avenue, Toronto, Ontario.

On October 3, 2018, the Company acquired Cultivator Catalyst Corp. ("CCC") through a reverse acquisition. CCC was incorporated on November 22, 2016, under the laws of the Province of Ontario.

The Company's principal business activity is pursuing opportunities in the cannabis industry. On May 19, 2017, the Company acquired 100% interest in Highland Grow Inc. ("HGI"). On July 31, 2020, the Company completed the sale of HGI (note 4).

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to a going concern, which contemplates the realization of assets and the discharge of liabilities in the normal course of business. The Company has incurred losses since its inception and has an accumulated deficit of $19,159,556 as at December 31, 2020. There is a material uncertainty related to these conditions that casts significant doubt about the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern depends upon its ability to raise adequate financing, realize sufficient cash from the sale of its marketable securities and generate profitable operations in the future.

In March 2020, the World Health Organization declared the coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The company's operations have not been drastically impacted but management continues to monitor the situation.

2. BASIS OF PRESENTATION

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements were authorized for issue in accordance with a resolution from the Board of Directors on April 30, 2020.

The consolidated financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The functional currency of the Company and its subsidiaries is the Canadian dollar.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

b) Reclassification of prior year amounts

The Company has reclassified certain items on the comparative consolidated statements of loss and comprehensive loss and cash flows to conform with current period presentation.

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (CONTINUED)

c) Basis of consolidation

These financial statements include the accounts of the Company and the following Canadian subsidiaries:

Subsidiaries	Percentage ownership December 31, 2020	Percentage ownership December 31, 2019
Cultivator Catalyst Corp.	100%	100%
Great Lakes Cannabis Company Inc.	100%	100%
Highland Grow Inc.	0%	100%
Red Sands Craft Cannabis Company Inc.	100%	100%
The Back Home Medical Cannabis Corporation	0%	100%
Weed Virtual Retail Inc.	100%	100%

Subsidiaries are entities that the Company controls directly. Control is defined as the exposure, or rights, or variable returns from involvement with an investee and the ability to affect those returns through power over the investee. Power over an investee exists when the Company has existing rights and the ability to direct the activities that significantly affect the investee's returns. This control is generally evidenced through owning more than 50% of the voting rights or currently exercisable potential voting rights of a company's share capital. All inter-company balances and transactions, including unrealized profits and losses arising from intra-group transactions, have been eliminated upon consolidation. Where necessary, adjustments are made to the results of the subsidiaries and entities to bring their accounting policies in line with those used by the Company.

As at July 31, 2020 the Company sold its investment in HGI (note 4). As a result, the consolidated financial statements have been prepared with the results of HGI included within discontinued operations for the current and comparative periods.

As at December 31, 2020 the Company had entered into a share buy back agreement to dispose of it's investment in The Back Home Medical Cannabis Corporation ("Back Home") (note 4). As a result, the consolidated financial statements have been prepared with Back Home included as discontinued operations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Significant accounting judgments and estimates

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

<u>Biological assets and inventory</u>

In calculating the value of the biological assets and inventory, management is required to make a number of estimates, including estimating the stage of growth of the cannabis up to the point of harvest, harvesting costs, selling costs, sales price, wastage and expected yields for the cannabis plant. In calculating final inventory values, management is required to determine an estimate of spoiled or expired inventory and compares the inventory cost to estimated net realizable value.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Significant accounting judgments and estimates (continued)

Estimated useful lives and impairment considerations

Depreciation and amortization of property, plant and equipment and intangible assets are dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Share-based compensation and warrants

In calculating the share-based compensation expense, key estimates such as the rate of forfeiture of options granted, the expected life of the option, the volatility of the Company's stock price and the risk-free interest rate are used. In calculating the fair value of the warrants, the Company includes key estimates such as the volatility of the Company's stock price, the value of the common share, and the risk-free interest rate.

Deferred tax assets and liabilities

The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assess whether it is probable that some or all of the deferred income tax assets and liabilities will be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

Going concern

Management applies judgment in its evaluation of the Company's ability to continue as a going concern.

b) Revenue recognition

The Company's revenue is comprised of sales of its products which consists of cannabis which is internally harvested and purchased from wholesale suppliers for resale purposes. The Company uses the following five-step contract-based analysis of transactions to determine if, when and how much revenue can be recognized:

1. Identify the contract with a customer;
2. Identify the performance obligation(s) in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligation(s) in the contract; and
5. Recognize revenue when or as the Company satisfies the performance obligation(s).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Revenue recognition (continued)

Revenue from the sale of cannabis is generally recognized when control over the goods has been transferred to the customer. The Company generally satisfies its performance obligation and transfers control to the customer upon delivery and acceptance by the customer. Revenue is recorded at the estimated amount of consideration to which the Company expects to be entitled.

Effective October 17, 2018, Canada Revenue Agency ("CRA") began levying an excise tax on the sale of medical and consumer cannabis products. The Company becomes liable for these excise duties when cannabis products are delivered to the customer. The excise taxes payable is the higher of (i) a flat-rate duty which is imposed when a cannabis product is packaged, and (ii) an advalorem duty that is imposed when a cannabis product is delivered to the customer. Effective May 1, 2019, excise tax calculated on edible cannabis products, cannabis extracts and cannabis topicals will prospectively be calculated as a flat rate based on the quantity of total tetrahydrocannabinol (THC) contained in the final product. There were no changes in the legislation in calculating excise taxes for fresh cannabis, dried cannabis, seeds and plants. Where the excise tax has been billed to customers, the Company has reflected the excise tax as part of revenue in accordance with IFRS 15. Revenue from sale of goods, as presented in these consolidated financial statements, represents revenue from the sale of goods less applicable excise taxes. Given that the excise tax payable/paid to CRA cannot be reclaimed and is not always billed to customers, the Company recognizes that the excise tax is an operating cost that affects gross margin to the extent that it is not recovered from its customers.

c) Biological assets

While the Company's biological assets, consisting of cannabis plants, are within the scope of IAS 41 Agriculture, the direct and indirect costs of biological assets are determined using an approach similar to the capitalization criteria outlined in IAS 2 Inventories. The Company capitalizes all the direct and indirect costs as incurred related to the biological transformation of the biological assets between the point of initial recognition and the point of harvest including labour related costs, grow consumables, utilities, facilities costs. Capitalized costs are subsequently recorded and expensed when inventory is sold in the consolidated statements of comprehensive loss in the period that the related product is sold.

The Company measures biological assets, at fair value less cost to sell up to the point of harvest. Unrealized gains or losses arising from the changes in fair value less cost to sell during the period are separately recorded in the consolidated statement of comprehensive loss for the related period.

The Company values cannabis plants at cost, which approximates fair value from the date of initial clipping from mother plants until the plants begin the propagation cycle. The fair value of biological assets is determined using a valuation model to estimate expected harvest yield per plant applied to the estimated price per gram less processing and selling costs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Inventory

The Company values inventories at the lower of cost and net realizable value. Inventories of harvested cannabis are transferred from biological assets at their fair value at harvest, which becomes the initial deemed cost. Any subsequent post-harvest costs are capitalized to inventory to the extent that cost is less than net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories is determined using the weighted average cost basis.

Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage, or declining market prices. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is apparent evidence of an increase in selling price then the amount of the write down previously recorded is reversed. Storage costs, indirect administrative overhead and certain other selling costs related to inventories are expensed in the period incurred.

e) Impairment of long-lived assets

Long-lived assets, including property and equipment and intangible assets are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

f) Intangible assets

Intangible assets consist mainly of a license application, favorable leases, distribution agreement and a website under development acquired by the Company. Intangible assets are carried at cost less accumulated amortization and impairment. Intangible assets with indefinite lives are not amortized but are reviewed annually for impairment. Any impairment of intangible assets is recognized in the consolidated statement comprehensive loss but increases in intangible asset values are not recognized. As of December 31, 2020, the Company does not hold any intangible assets which have been deemed to have an indefinite life.

Estimated useful lives of intangible assets are shorter of the economic life and the period the right is legally enforceable. The assets' useful lives are reviewed, and adjusted if appropriate, at each consolidated statement of financial position date. The Company does not have any intangible assets with a definitive life.

At each financial position reporting date, the carrying amounts of the Company's long-lived assets, including property, plant and equipment and intangible assets, are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the CGU to which the asset belongs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except deferred tax assets or liabilities, which are recognized and measured in accordance with IAS 12 – Income Taxes. Subsequent changes in fair values are adjusted against the cost of acquisition if they qualify as measurement period adjustments. The measurement period is the period between the date of the acquisition and the date where all significant information necessary to determine the fair values is available and cannot exceed 12 months. All other subsequent changes are recognized in the consolidated statements of comprehensive loss.

The purchase price allocation process resulting from a business combination requires management to estimate the fair value of identifiable assets acquired including intangible assets and liabilities assumed including any contingently payable purchase price obligation due over time. The Company uses valuation techniques, which are generally based on forecasted future net cash flows discounted to present value. These valuations are closely linked to the assumptions used by management on the future performance of the related assets and the discount rates applied. The determination of fair value involves making estimates relating to acquired intangibles assets, property and equipment and contingent consideration.

Acquisition related costs are recognized in the consolidated statements of comprehensive loss as incurred.

Management determines whether assets acquired, and liabilities assumed constitute a business. A business consists of inputs and processes applied to those inputs that have the ability to create outputs.

h) Goodwill

In certain situations, goodwill or a bargain purchase gain may result from a business combination. Goodwill is measured as the excess of the consideration transferred over the net amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is measured at historical cost and is evaluated for impairment annually or more often if events or circumstances indicate there may be an impairment.

Impairment is determined for goodwill by assessing if the carrying value of a CGU, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell and the value in use. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU. Any goodwill impairment is recorded in income in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed. Acquisition related costs are recognized in the consolidated statements of comprehensive loss as incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Property, plant and equipment

Property and equipment are measured at cost less accumulated amortization and impairment losses. The Company uses the following amortization rates for its property and equipment:

Building	25 years	Straight line
Computer and software	5 years	Straight line
Equipment	5 years	Straight line
Leasehold improvements	Lease term	Straight line

An asset's residual value, useful life and amortization method are reviewed at each financial year-end and adjusted if appropriate. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount of the equipment and are recognized in profit or loss.

j) Cash and cash equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

k) Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in the consolidated statement of comprehensive loss except to the extent that it related to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the consolidated statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are presented as non-current.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets - Classification

The Company classifies its financial assets in the following categories:

i. Those to be measured subsequently at fair value (either through Other Comprehensive Income ("FVOCI"), or through profit or loss ("FVTPL")), and
ii. Those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income ("OCI").

Fair value hierarchy

The following table summarizes the fair value hierarchy under which the Company's financial instruments are valued.

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

Cash is carried at fair value using a level 1 fair value measurement.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. There are three measurement categories under which the Company classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest method.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Financial instruments (continued)

- FVTPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the Statement of comprehensive loss in the period in which it arises.

Financial liabilities - Classification

The Company classifies its financial liabilities into the following categories:

- Financial liabilities at FVTPL; and
- Amortized cost.

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of the change in the fair value is presented in profit or loss.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset, and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Classification of financial instruments

Cash / Restricted cash	FVTPL
Amounts receivable	Amortized cost
Investments	FVTPL
Accounts payable	Amortized cost
Loans payable	Amortized cost

m) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and common share warrants are recognized as a deduction from equity. Common shares issued for non-monetary consideration are measured based on their market value at the date the common shares are issued. The Company has adopted the residual method with respect to the measurement of common shares and warrants issued as equity units.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n) Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the earnings attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. Basic and diluted loss per share is the same for the periods presented.

o) Provisions

The Company recognizes a provision when all of these conditions are met:

a. an entity has present obligation (legal or constructive) as a result of a past event;
b. it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
c. a reliable estimate can be made of the amount of the obligation.

In certain asset acquisitions, the Company provides consideration that is contingent on uncertain future events of which the existence will be confirmed only by the occurrence or non-occurrence of one or more future events. These events are typically in control of management and as a result do not meet the definition of a financial liability until the events have occurred. As a result, a contingent consideration in these situations is not measured until the event occurs.

p) Share-based payments

The fair value of stock options granted is measured at the grant date using the Black-Scholes option pricing model. Where options are granted to consultants for goods or services rendered, the options are measured at the fair value of the goods or services received by the Company. If the fair value of the goods and services received cannot be reliably measured, the fair value of the stock option granted is used instead. At each reporting date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards expected to ultimately vest is computed. The movement in cumulative expense is recognized in the statement of loss with a corresponding entry within equity, against share-based compensation reserve. No expense is recognized for awards that do not ultimately vest. When options are exercised, the proceeds received together with any related amount in share-based compensation reserve is credited to share capital.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

q) Discontinued operations

A discontinued operation is a component of the Company that either has been abandoned, disposed of, or is classified as held for sale, and: (i) represents a separate major line of business or geographical area of operation; (ii) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operation; or (iii) is a subsidiary acquired exclusively with a view to resell. A component of the Company comprises an operation and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

r) Investments

The Company's investments are classified as fair value through profit and loss. Investments held in companies with an active market are classified as current assets at fair value. The original value at the time the Company legally obtains title of the shares is based upon the closing market price of the shares on the date of acquisition. The shares are revalued at each period based upon the closing market price of the shares at the balance sheet date. The change in fair value is recorded as unrealized (gain) loss on investments on the audited condensed consolidation statement of loss and comprehensive loss.

s) Adoption of new pronouncements

During the year ended December 31, 2020, the Company did not adopt any new or amended accounting standards or interpretations which had a significant impact on the Company's consolidated financial statements.

t) New accounting standards issued but not yet effective:

The Company has performed an assessment of new standards and amendments issued by the IASB that are not yet effective. The Company has assessed that the impact of adopting these accounting standards on its consolidated financial statements would not be significant.

4. DISCONTINUED OPERATIONS

a) Highland Grow Inc.

On July 31, 2020 the Company and MYM Nutraceuticals Inc. ("MYM") completed the sale of 100% of the Company's interest in HGI to MYM.

The total consideration received by the Company was $12,021,901 consisting of: (i) $1.5 million in cash; (ii) 42,813,985 common shares in the capital of MYM (each a "MYM Shares"), representing 19% of MYM's total issued and outstanding share capital post-closing; and (iii) 132,551,040 newly-created non-voting Class A Special Shares of MYM International Brands Inc., which may be exchanged for MYM Shares in accordance with the Class A Special Shares' rights and restrictions ("Exchangeable Shares"); and (iv) MYM's agreement to make the MYM Loan (as described below).

Each Exchangeable Share may be exchanged for one MYM Share at the option of the Company or MYM on the earlier of July 31, 2022 or a corporate reorganization of MYM.

In addition, MYM also loaned the Company an amount equal to $1,000,000 in cash plus $1,664,141 for outstanding debts previously incurred in Highland (the "MYM Loan") (note 13a).

As security for the MYM Loan, 38,461,538 of the MYM Shares received on closing were held in escrow ("Escrow Shares"). The Escrow Shares are subject to certain vesting conditions and vest in monthly instalments of 2,000,000 shares over 20 months commencing on August 1, 2020.

(Expressed in Canadian dollars)

4. DISCONTINUED OPERATIONS (CONTINUED)

Any proceeds received by the Company from the sale of such Escrow Shares shall be used to repay the Loan until such time as the MYM Loan is discharged in full.

The following table summarizes the gain on sale of HGI:

Assets transferred	$
Cash and cash equivalents	235,781
Accounts receivable	1,318,713
Inventory	1,242,074
Biological assets	17,501
Deposits and prepaid expenses	191,232
Note receivable (Note 13 (a))	1,664,141
Property, plant, and equipment	3,195,427
Goodwill	4,374,313
	12,239,182
Liabilities transferred	
Accounts payable and accrued liabilities	1,935,311
Lease liability	41,129
	1,976,440
Net assets transferred	**10,262,742**
Consideration	
Fair value of 132,551,040 Exchangeable Shares	7,953,062
Fair value of 38,461,538 Escrow Shares at $0.06 per share	2,307,692
Fair value of 4,352,447 MYM Shares at $0.06 per share	261,147
Cash	1,500,000
Total consideration	**12,021,901**
Gain on sale of HGI	**1,759,159**

(Expressed in Canadian dollars)

4. DISCONTINUED OPERATIONS (CONTINUED)

The discontinued operations include the income of HGI during the period up to the date of disposal and the gain on disposal. Income from HGI for the periods ended December 31, 2020, and 2019 is as follows:

	2020	2019
	$	$
Revenue	**5,563,034**	4,679,019
Cost of sales	**3,640,276**	3,565,522
Gross margin before fair value changes	**1,922,758**	1,113,497
Change in fair value of inventory sold	**(39,634)**	(154,915)
Unrealized gain (loss) on fair value of biological assets	**(108,377)**	174,593
Gross profit	**1,774,747**	1,133,175
Operating expenses		
Advertising and promotion	**3,076**	-
Bad debt expense	**226,000**	-
Depreciation	**136,173**	37,360
General and administration	**257,762**	426,818
Professional fees	**2,136**	15,253
Salaries and wages	**68,545**	-
Travel	**10,443**	-
Utilities	**42,625**	-
	746,760	479,431
Other income (expenses)		
Write-down of inventory	**(1,294,175)**	(133,000)
Write-down of property, plant and equipment	**-**	(169,767)
Gain on sale of discontinued operation	**1,759,159**	-
Income from discontinued operations	**1,492,971**	350,977

(Expressed in Canadian dollars)

4. DISCONTINUED OPERATIONS (CONTINUED)

Cash flows related to discontinued operations for the years ended December 31, 2020, and 2019 is as follows:

	2020	2019
	$	$
Operating activities of discontinued operations		
Income from discontinued operations	**1,492,971**	350,977
Adjustments for non-cash items:		
Amortization	**136,173**	185,248
Write-down of property, plant and equipment	**-**	169,767
Gain on sale of HGI	**(1,759,160)**	-
Change in fair value of inventory sold	**39,634**	154,915
Fair value change on biological assets	**108,377**	(174,593)
Write-off of inventory	**1,294,175**	133,000
Deferred tax and other	**-**	(185,168)
Changes in non-cash working capital items:	**-**	(229,847)
Accounts receivable	**-**	(229,847)
Accounts payable and accrued liabilities	**-**	1,678,572
Biological assets	**42,380**	203,498
Inventory	**(297,197)**	(1,921,912)
Cash provided by discontinued operating activities	**1,057,353**	364,457
Investing activities of discontinued operations		
Purchase of property, plant and equipment	**(61,336)**	(664,201)
Return of equipment	**55,064**	-
Payment on sale of Back Home	**(14,999)**	-
Cash paid on sale of HGI	**(235,781)**	-
Cash received on sale of HGI	**1,500,000**	-
Cash provided by (used in) discontinued investing activities	**1,257,947**	(664,201)
Change in cash from discontinued operations	**2,315,300**	(299,744)

(Expressed in Canadian dollars)

4. DISCONTINUED OPERATIONS (CONTINUED)

b) Back Home Medical Cannabis Corporation

On November 9, 2020 the Company entered into a share buy back agreement with the previous owners of Back Home to return the Company's interest in Back Home to the previous owners. Pursuant to the share buy back agreement, the previous owners are to return 187,000 common shares of the Company previously issued to them and the Company is no longer required to issue common shares previously recorded as shares to be issued of $250,000. Accordingly, the Company has reallocated the $250,000 from shares issuable to deficit.

The following table summarizes the loss on the share buy back agreement:

Assets transferred	**$**
Account receivable	870,973
Consideration	
Cash paid as part of closing	(15,000)
Loss on share buy back agreement	**885,973**

The discontinued operations include the income (losses) of Back Home during the period up to the date of disposal and the gain on disposal. Income (loss) from Back Home for the years ended December 31, 2020, and 2019 is as follows:

	2020	**2019**
	$	$
Operating expenses		
General and administration	**90**	-
Salaries and wages	**-**	200,419
Total Operating Expenses	**(90)**	(200,419)
Other income (expenses)		
Write-down of property, plant and equipment	**-**	(670,554)
Forgiveness of account payable	**870,973**	-
Loss on share buy back agreement	**(885,973)**	-
Loss from discontinued operations	**(15,090)**	870,973

(Expressed in Canadian dollars)

4. DISCONTINUED OPERATIONS (CONTINUED)

Cash flows related to discontinued operations for the years ended December 31, 2020, and 2019 is as follows:

	2020	2019
	$	$
Operating activities of discontinued operations		
Loss from discontinued operations	**(15,090)**	(870,973)
Adjustments for non-cash items:		
Loss on share buy back agreement	**885,973**	-
Forgiveness of accounts payable	**(870,973)**	-
Write-down of property, plant and equipment	**-**	670,554
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	**90**	870,973
Cash provided by discontinued operating activities	**-**	670,554
Investing activities of discontinued operations		
Cash paid on share buy back	**(15,000)**	-
Purchase of property, plant and equipment	**-**	(670,554)
Cash used in investing activities of discontinued investing activities	**(15,000)**	(670,554)
Change in cash from discontinued operations	**(15,000)**	-

(Expressed in Canadian dollars)

5. AMOUNTS RECEIVABLE

	December 31, 2020	December 31, 2019
	$	$
Trade receivables	**1,104**	1,365,864
GST receivable	**37,107**	-
	38,211	1,365,864

GST receivable includes both GST and HST amounts receivable.

As at December 31, 2020, an allowance for doubtful accounts of $380,518 (December 31, 2019 - $Nil) has been provided against amounts receivable, which the Company has determined represents a reasonable estimate of amounts that may be unrecoverable. The amount is included in bad debt expense on the consolidated statement of comprehensive loss.

6. PREPAID EXPENSES AND DEPOSITS

	December 31, 2020	December 31, 2019
	$	$
Prepaid expenses (a)	**307,600**	56,548
Deposits	**-**	25,000
Advances (b)	**-**	100,000
	307,600	181,548

a) As at December 31, 2020 the Company has $266,186 in prepaid insurance, and $41,414 in prepaid loan interest.

b) The Company's lease agreements for its premises in Ontario, through its acquisition of Great Lakes, was amended in July 2020 whereby the parties mutually agreed to terminate the lease agreement effective July 1, 2020 without penalty to either party. In consideration for the landlord agreeing to terminate the lease agreement without penalty, the Company agreed to forgive repayment of the $100,000 advance.

7. BIOLOGICAL ASSETS

	December 31, 2020	December 31, 2019
	$	$
Balance, beginning of year	**168,258**	197,163
Production costs capitalized	**376,672**	925,375
Changes in fair value less costs to sell	**(103,351)**	153,806
Transferred to inventory upon harvest	**(424,078)**	(1,108,086)
Sale of HGI (note 4)	**(17,501)**	-
Balance, beginning of year	**-**	168,258

(Expressed in Canadian dollars)

8. INVENTORY

	December 31, 2020	December 31, 2019
	$	$
Balance, beginning of period	**2,278,686**	644,689
Transferred from biological assets	**424,078**	1,108,086
Inventory purchased	**2,534,286**	2,840,858
Post-harvest and purchase costs capitalized	**706,541**	1,368,291
Inventory sold and expensed to cost of sales	**(3,672,301)**	(3,395,323)
Write-off of non-sellable inventory	**(1,095,811)**	(133,000)
Changes in value of inventory sold	**13,354**	(154,915)
Sale of HGI (note 4)	**(1,188,832)**	-
Balance, end of period	**-**	2,278,686

9. INVESTMENTS

	Exchangeable Shares	**Escrow Shares**	**MYM Shares**	**Total**
Costs	**$**	**$**	**$**	**$**
As at January 1, 2020	-	-	-	-
Additions	7,953,063	2,307,692	261,147	10,521,902
Transferred	(378,780)	(599,817)	978,597	-
Sold or transferred for debt settlement	(2,240,017)	**-**	(505,020)	(2,745,037)
As at December 31, 2020	**5,334,266**	**1,707,875**	**734,724**	**7,776,865**
Fair value				
As at January 1, 2020	-	-	-	-
Additions	7,953,063	2,307,692	261,147	10,521,902
Transferred	(378,780)	(599,817)	978,597	-
Proceeds	-	-	(565,224)	(565,224)
Transfer for debt settlement	(2,613,353)	-	-	(2,613,353)
Gain on sale / transfer	373,336	-	60,204	433,540
Unrealized gain	2,667,133	853,937	367,362	3,888,432
As at December 31, 2020	**8,001,399**	**2,561,812**	**1,102,086**	**11,665,297**
Less: Non-current current portion				**(512,362)**
Current portion				**11,152,935**

On July 31, 2020, the Company received 4,352,447 MYM Shares, 38,461,538 Escrow shares and 132,551,040 Exchangeable Shares of MYM as consideration for the sale of HGI (note 4). During the year ended December 31, 2020 the Company disposed of a total of 8,417,000 Exchangeable shares, Escrow Shares and MYM shares and realized a gain of $433,540.

In connection with the sale of HGI, the Company entered into various debt settlements and bonus payments with former employees of the Company and HGI which were settled with the issuance of either Exchangeable shares or MYM shares.

As at December 31, 2020, the Company held 40,709,985 MYM Shares and 88,904,428 Exchangeable Shares. The Company recorded an unrealized gain on its revaluation of these shares of $3,888,432 at December 31, 2020.

(Expressed in Canadian dollars)

10. PROPERTY, PLANT AND EQUIPMENT

	Computer and software	Construction in progress	Equipment	Land and building	Leasehold improvements	Leased vehicles	Total
Cost	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Balance, December 31, 2018	32,681	2,154,218	304,135	595,466	2,681,430	-	5,767,930
Additions	2,246	1,492,273	83,304	169,767	-	-	1,747,590
Impairment and other	-	(3,646,491)	-	(169,768)	(65,783)	-	(3,882,042)
Balance, December 31, 2019	34,927	-	387,439	595,465	2,615,647	-	3,633,478
Additions	-	-	-	-	-	52,266	52,266
Disposals	(34,927)	-	(387,439)	(595,465)	(2,615,647)	(52,266)	(3,685,744)
Balance, December 31, 2020	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Accumulated depreciation							
Balance, December 31, 2018	6,364	-	48,177	-	120,626	-	175,167
Depreciation	5,518	-	56,909	-	122,823	-	185,250
Balance, December 31, 2019	11,882	-	105,086	-	243,449	-	360,417
Depreciation	4,105	-	43,142	-	76,132	12,793	136,172
Disposals	(15,987)	-	(148,228)	-	(319,581)	(12,793)	(496,589)
Balance, December 31, 2020	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Carrying amount							
Balance, December 31, 2019	23,045	-	282,353	595,465	2,372,198	-	3,273,061
Balance, December 31, 2020	**-**	**-**	**-**	**-**	**-**	**-**	**-**

During the year ended December 31, 2020, the Company returned equipment to the supplier for full refund of the original purchases price of $55,064. No gain or loss occurred as a result this return of equipment.

On July 31, 2020 all property, plant and equipment was disposed of for $1 pursuant to sale of HGI (note 4).

During the year ended December 31, 2019, the Company recorded impairment of property, plant and equipment totaling $3,816,259 as it was determined that the recoverable amount was $nil. The Company also recorded an adjustment to previously capitalized leasehold improvements of $65,783 to reflect a credit received.

(Expressed in Canadian dollars)

11. GOODWILL AND INTANGIBLE ASSETS

Goodwill was recognized upon the acquisition of HGI during the year ended December 31, 2017. The amount represented the sales and growth potential of HGI, was not subject to amortization, and was evaluated for impairment annually or more often if events or circumstances indicate there may be an impairment.

During the year ended December 31, 2020 the Company disposed of its goodwill upon the sale of HGI. The carrying value of goodwill as at December 31, 2020 was $nil (December 31, 2019 - $4,374,313).

	December 31, 2020	December 31, 2019
	$	$
Opening balance	**4,374,313**	4,374,313
Disposal on sale of HGI	**(4,374,313)**	-
Ending balance	**-**	4,374,313

A summary of the Company's intangible assets as at December 31, 2020 and 2019 is as follows:

	Distribution Agreement	**Favorable Lease**	**License Application**	**Website**	**Total**
Balance, December 31, 2018	250,000	147,525	1,420,866	24,900	1,843,291
Amortization	(25,000)	(16,052)	(74,132)	-	(115,184)
Impairment	(225,000)	(131,473)	(1,346,734)	(24,900)	(1,728,107)
Balance, December 31, 2020 and 2019	**-**	**-**	**-**	**-**	**-**

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2020	December 31, 2019
	$	$
Trade payables	**2,358,063**	3,139,800
Interest payable	**-**	8,219
Excise tax payable	**-**	516,949
HST tax payable	**660**	210,727
	2,358,723	3,875,695

(Expressed in Canadian dollars)

13. LOANS PAYABLE

a) On July, 31, 2020, in connection with sale of HGI, MYM agreed to loan the Company an amount equal to $1,000,000 (the "MYM Loan – Tranche #1") plus the balance of certain liabilities of HGI, which will continue to be owed by HGI post-closing in the amount of $1,664,141 (the "MYM Loan – Tranche #2"), both for a term of 18 months with an option to extend for an additional 6 months at the sole discretion of the Company upon the Company paying an extension fee (together the "MYM Loan". The MYM Loan bears interest at a rate of 17.5% per annum.

Pursuant to the loan and security agreement, the Company incurred a one-time set-up fee equal to 8% of the MYM Loan – Tranche #1 advance. Interest on the MYM Loan is calculated from July 31, 2020 and is payable monthly beginning on November 30, 2020. The total debt issuance costs of $80,000 were applied against the loan principle in the amount of $2,664,141 and are accreted over the term of the loan.

A continuity of the loan obligation is as follows:

	December 31, 2020
	$
Opening balance	**-**
Proceeds from issuance of term loan	**2,664,141**
Issuance costs and transaction fees	**(80,000)**
Principal repayments, net	**(163,676)**
Accretion expense	**35,080**
Ending balance	**2,455,545**

During the year ended December 31, 2020, the Company incurred interest expense of $192,214 (2019 - $Nil) in connection with this loan.

b) On March 9, 2020, the Company entered into a promissory note with a director of the Company in the amount of $400,000. The promissory note bears interest at a monthly rate of 1.5% and was due on April 23, 2020 and was extended for up to 45 days to June 7, 2020. The Company received cash proceeds of $387,000 with $9,000 held back for prepaid interest and $4,000 held back for a loan origination fee. On May 15, 2020, the Company repaid $100,000 of the outstanding principal balance and on July 27, 2020 the Company repaid the remaining balance of the outstanding principal in the amount of $300,000. During the year ended December 31, 2020, the Company recorded interest expense of $23,800 related to the promissory note payable.

c) During the year ended December 31, 2019, the Company received a series of advances from a related party totaling $1,250,000. The amounts are secured by promissory notes, bear no interest and are due on demand. As at December 31, 2020, the carrying value of this loan is $1,250,000 (December 31, 2019 - $1,250,000).

(Expressed in Canadian dollars)

13. LOANS PAYABLE (CONTINUED)

d) On November 21, 2019, the Company entered into a credit agreement pursuant to which the Company received a loan in the amount of $3,000,000. The loan bears interest at 10% per annum payable monthly, and is due on November 21, 2021. The loan amount is secured by, amongst other guarantees and assignments, a general security agreement and a first priority security interest over all common shares of HGI. Of the total loan amount, $500,000 has been placed in a lawyer's trust account pursuant to an escrow agreement which restricts the use of the funds subject to certain conditions to be fulfilled by the Company and its management. Funds in the trust account have been utilized to service legal costs pursuant to the terms of the trust agreement and the balance as at December 31, 2020 is $471,386.

Pursuant to the credit agreement, the Company incurred a one-time aggregate commitment fee of $105,000, paid costs of the lender totaling $51,000, and committed to issue 5,357,143 share purchase warrants exercisable for a period of four years at a price of $0.28 per common share. The Company estimated the fair value of the share purchase warrants being $979,475, which was calculated using the Black-Scholes Option Pricing Model using the following estimates: stock price on date of grant - $0.24; expected life of warrants - 4 years; volatility - 125%; dividend rate - 0%; risk-free rate - 1.51%. The total debt issuance costs of $1,135,475 were applied against the loan principal amount of $3,000,000 and are accreted over the term of the loan.

A continuity of the loan obligation is as follows:

	December 31, 2020	December 31, 2019
	$	$
Opening balance	**1,661,571**	-
Proceeds from issuance of term loan	**-**	3,000,000
Issuance costs and transaction fees	**-**	(156,000)
Amount allocated to warrant reserve	**-**	(979,475)
Deferred income tax results from warrant allocation	**-**	(265,000)
Principal repayments, net	**(3,000,000)**	-
Accretion expense	**1,338,429**	62,046
Ending balance	**-**	1,661,571

During the year ended December 31, 2020, the Company repaid the principal amount of $3,000,000 and recorded interest expense of $140,662 related to the loan payable. The Company paid legal fees of $8,743, prepayment penalty of $66,806 and prepaid legal expenses of $2,500.

During the year ended December 31, 2020, the Company incurred interest expense of $ $240,682 (2019 - $Nil) in connection with this loan.

(Expressed in Canadian dollars)

14. LEASE LIABILITY

The Company leased two vehicles for use in operations. The leases have been recorded as finance leases. As part of the sale of HGI, the company has no further obligation with respect to this lease liability:

	December 31, 2020
	$
Balance, beginning of period	-
Finance lease obligation	52,266
Lease Payments	(13,935)
Interest expense	2,798
Sale of HGI (note 4)	(41,129)
Balance, end of period	**-**

15. SHARE CAPITAL

a) Authorized

- Unlimited number of voting common shares without par value; and
- Unlimited number of non-voting and redeemable Special Class B and C shares without par value.

As at December 31, 2020, there were 112,417,435 common shares outstanding and 1 Special Class C share outstanding (December 31, 2019 - 111,599,899 common shares outstanding and 1 Special Class C share outstanding).

b) Escrow Shares

The Company had common shares subject to trading restrictions and escrow which were released in tranches through April 4, 2020. On April 4, 2020, a total of 15,801,252 common shares were released from escrow. Subsequent to the release, the Company has no shares subject to escrow restrictions.

c) Issued Shares

The Company had the following common share transactions during the year ended December 31, 2020:

- The Company issued 417,536 common shares to settle liabilities with a fair value of $33,402 or $0.08 per common share.

- The Company issued 400,000 common shares to settle liabilities with a fair value of $40,000 or $0.10 per common share.

The Company had the following common share transactions during the year ended December 31, 2019:

- The Company issued 407,920 common shares upon exercise of warrants for gross proceeds of $83,751.

- The Company issued 1,063,870 common shares pursuant to employment agreements and settlement of accounts payable. The fair value of the shares issued was $281,471.

(Expressed in Canadian dollars)

15. SHARE CAPITAL (CONTINUED)

d) Shares Issuable

Pursuant to the acquisition of Back Home, the Company recorded a shares issuable amount of $250,000 for shares issuable to the vendors of Back Home upon reaching of certain milestones. On November 9, 2020, as part of the disposition of Back Home, the amount of $250,000 for shares issuable to the vendors of Back Home has been reversed (note 4).

During the year ended December 31, 2017, the Company recorded shares issuable amount of $265,000 for shares issuable to certain consultants for services provided to the Company. As the services were not provided, the shares issuable reversed during the year ended December 31, 2020 and recorded as other income on the consolidated statement of comprehensive loss (note 16).

e) Stock Options

The Company has adopted a stock option plan for its directors, officers, employees and consultants to acquire common shares of the Company at a price determined by the fair market value of the shares at the date immediately preceding the date on which the option is granted. The terms and conditions of the stock options are determined by the Board of Directors. A summary of the stock option transactions during the year ended December 31, 2020 is as follows:

	Number of stock options	Weighted average exercise price
	#	$
Balance, December 31, 2018 and 2019	400,000	1.60
Granted	1,500,000	0.08
Forfeited	(200,000)	1.60
Balance, December 31, 2020	**1,700,000**	**1.6**

The following table summarizes stock options outstanding and exercisable as at December 31, 2020:

Grant date	Expiry date	Exercise price	December 31, 2020	December 31, 2019
		$	#	#
October 19, 2018	October 19, 2021	$1.60	**200,000**	400,000
July 31, 2020	July 31, 2025	$0.08	**1,500,000**	-
Total outstanding			**1,700,000**	400,000
Total exercisable			**200,000**	400,000
Weighted average remaining contractual life of stock options outstanding at the end of the period			**3.8 years**	1.8 Years

During the year ended December 31, 2020, the Company recognized stock-based compensation of $27,966 (2019 – $Nil). The stock-based compensation represents the fair value of stock options granted during the period and is estimated on the grant date using the Black-Scholes option pricing model.

f) Share Purchase Warrants

A summary of share purchase warrant activities are as follows:

	Number of stock warrants	Weighted average exercise price
	#	$
Balance, December 31, 2018	1,984,636	2.23
Granted	5,357,143	0.28
Exercised	(407,920)	0.06
Expired	(137,820)	0.06
Balance, December 31, 2019	6,796,039	0.87
Expired	(401,159)	6.39
Balance, December 31, 2020	6,394,880	0.52

(Expressed in Canadian dollars)

15. SHARE CAPITAL (CONTINUED)

At December 31, 2020, the Company had share purchase warrants outstanding to acquire common shares of the Company as follows:

Grant date	Expiry date	Exercise price	December 31, 2020	December 31, 2019
		$	#	#
November 21, 2019	November 21, 2023	0.28	5,357,143	5,357,143
January 19, 2018	January 19, 2020	0.60	-	85,160
December 12, 2018	April 1, 2020	1.00	-	54,930
May 11, 2015	May 11, 2020	27.50	-	18,715
July 27, 2015	July 27, 2020	20.00	-	15,577
July 28, 2015	July 28, 2020	20.00	-	8,976
August 30, 2018	August 30, 2020	1.00	-	23,800
September 17, 2018	September 17, 2020	1.00	-	1,500
September 25, 2018	September 25, 2020	19.75	-	37,766
September 28, 2018	September 28, 2020	1.00	-	111,375
October 1, 2018	October 1, 2020	1.00	-	15,715
November 30, 2015	November 30, 2020	20.00	-	27,645
February 1, 2016	February 1, 2021	20.00	**12,592**	12,592
February 16, 2016	February 16, 2021	20.00	**5,242**	5,242
March 4, 2016	March 4, 2021	20.00	**2,700**	2,700
April 18, 2016	April 18, 2021	20.00	**14,712**	14,712
August 16, 2016	August 16, 2021	20.00	**1,866**	1,866
October 3, 2018	October 3, 2021	1.00	**1,000,000**	1,000,000
October 19, 2018	October 19, 2021	1.60	**625**	625
Total			**6,394,880**	6,796,039
Weighted average remaining contractual life of share purchase warrants outstanding at the end of the period			**2.5 years**	2.3 years

16. OTHER INCOME

	December 31, 2020	December 31, 2019
	$	$
Settlement Contingency (a)	**(571,891)**	-
Cancellation of shares to be issued (b)	**250,000**	-
COVID-19 relief (c)	**38,653**	-
Gain on sale of Exchangeable Shares (d)	**433,540**	-
Other (e)	**46,423**	80,327
	196,725	80,327

(a) During the year ended December 31, 2020, the Company recorded a provision for contingent expense of totalling $571,891.

(b) During the year ended December 31, 2018, the Company entered a consulting contract whereby the Company was to issue common shares with a fair value of $250,000 in exchange for consulting services. Due to non-performance under the consulting contract, the Company has reversed the obligation to issue the common shares and recorded a recovery of the previously expensed consulting contract.

16. OTHER INCOME (CONTINUED)

(c) During the year ended December 31, 2020, the Company received $38,653 from the Government of Canada for COVID-19 relief, specifically as a salary and wage subsidy (December 31, 2019 - $nil). The amount received was allocated between continuing and discontinued operations.

(d) During the year ended December 31, 2020, the Company recorded a gain on its sale of Exchangeable Shares of $433,540 (December 31, 2019 - $nil).

(e) During the year ended December 31, 2020, the Company recorded other income of $46,423 (2019 – other income of $80,327) .

17. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

Fair value measurement of financial assets and liabilities

IFRS 13 - *Fair Value Measurement* establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

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 (i.e.: as prices) or indirectly (i.e.: derived from prices); and
Level 3: Inputs that are not based on observable market data.

The fair value of cash and restricted cash is measured using Level 1 inputs. The carrying values of amounts receivable, accounts payable and current loans payable approximate their respective fair values due to the short-term nature of these instruments. The fair value of long-term loans payable approximates fair value as it is discounted using a market rate of interest. The fair value of investments has been determined in whole by reference to the bid price of the shares on the Canadian Securities Exchange ("CSE") at each reporting date.

As at December 31, 2020, the Company's financial instruments consist of cash, amounts receivable, investments, accounts payable and loans payable.

Financial risk management objectives and policies

The Company's financial instruments include cash, amounts receivable, other receivables, accounts payable and loans payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company operates primarily in Canadian dollars and as such is not affected by the fluctuations of the Canadian dollar with other currencies.

(*ii*) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(Expressed in Canadian dollars)

17. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (CONTINUED)

(*iii*) *Credit risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash. At present, the Company holds its cash in Canadian rated financial institutions and will only consider investment of excess cash in highly rated government and corporate debt securities or guaranteed certificates from Canadian chartered banks. The Company has established guidelines, including diversification, credit ratings and maturities, to ensure safety and liquidity of its cash.

As at December 31, 2020, the Company's exposure is the carrying value of the financial instruments. The Company's maximum exposure to credit risk is the carrying value of its financial assets.

(iv) *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. To the extent that the Company does not believe it has sufficient liquidity to meet its current obligations, the Board of Directors considers securing additional funds through issuances of equity and debt or partnering transactions. The Board of Directors approves any material transactions outside the ordinary course of business. Management regularly reviews the Company's operating and capital budgets and maintains short-term cash flow forecasts.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable. Due to the ongoing COVID 19 pandemic, liquidity risk has been assessed as high.

(iv) *Maturity risk*

The Company's cash balance at December 31, 2020 was in the amount of $98,113. At December 31, 2020, the Company had amounts receivable of $38,211, accounts payable of $2,358,723, current portion of loans payable of $1,250,000 and loans payable of $2,455,545. All accounts payable and accrued liabilities are current.

As at December 31, 2020, the Company did not have derivative financial liabilities with contractual maturities.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses and commitments for a period of 90 days. To achieve this objective, the Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary.

The following table summarizes the maturities of the Company's financial liabilities as at December 31, 2020 based on the undiscounted contractual cash flows:

	Carrying value	**Principal amount**	**Less than 1 year**	**1 - 3 years**
	$	**$**	**$**	**$**
Accounts payable	2,358,723	2,358,723	2,358,723	-
Loans payable	3,705,545	3,750,465	1,250,000	2,500,465
At December 31, 2020	**6,064,268**	**6,109,188**	**3,608,723**	**2,500,465**

(v) *Market risk*

The Company is exposed to market risk from fluctuations in the market value of MYM shares. A 10% increase / decrease would result in an $1,166,530 unrealized gain / loss on the investment.

18. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue its business objectives. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. The Company manages the capital structure and adjusts it considering changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets in order at adjust the amount of cash on its balance sheet.

(Expressed in Canadian dollars)

19. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties.

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer and Chief Financial Officer ("CFO"). During the years ended December 31, 2020 and 2019, key management compensation consisted of the following:

	December 31, 2020	December 31, 2019
	$	$
Consulting fees (a)	**1,056,700**	126,136
Salaries and wages	**-**	153,333
Interest expense	**23,800**	-
	1,080,500	279,469

a) During the year ended December 31, 2020 the Company made a one-time bonus consulting fee payment of $800,000 to a director of the Company.

As at December 31, 2020, $1,080,500 (December 31, 2019 - $279,469) was owing to key management personnel for fees and expenses.

	December 31, 2020	December 31, 2019
	$	$
Accounts payable and accrued liabilities	**325,906**	220,985
Loans payable	**1,250,000**	1,250,000
	1,575,906	1,470,985

As at December 31, 2020 accounts payable include $220,985 (December 31, 2019 - $220,985) in wages for consulting expenses to an entity which is under common control of a former director of the Company. The amount is unsecured, non-interest bearing and due on demand.

As at December 31, 2020 accounts payable include $104,921 (December 31, 2019 - $20,000) for fees payable to the former CFO of the Company. The amount is unsecured, non-interest bearing and due on demand.

As at December 31, 2020, the Company had fully repaid a loan to director of the Company. Interest accrued for the year ended December 31, 2020 totaled of $23,800 (2019 - $nil) (see Note 13(b)). The amount accrued interest at a monthly rate of 1.5% and was due on demand.

As at December 31, 2020, the Company has loans payable totaling $1,250,000 (December 31, 2019 - $1,250,000) to an entity under control of a significant shareholder of the Company (see Note 13(c)). The balance payable is secured by promissory notes, non-interest bearing and due on demand.

20. SUPPLEMENTAL CASH FLOW INFORMATION

The significant non-cash transactions for the year ended December 31, 2020 were as follows:

- The Company issued 417,536 common shares to settle a loan payout with a fair value of $33,402 or $0.08 per common share.
- The Company issued 400,000 common shares to settle a debt with a fair value of $40,000 or $0.10 per common share.
- Cancellation of Back Home shares issuable was reversed at its cost of $250,000
- De-recognition of a ROU asset of $52,266 and corresponding lease liability during the period
- Total non-cash consideration received by the Company for the sale of HGI was $10,521,901.

(Expressed in Canadian dollars)

21. INCOME TAX

The Company accounts for income taxes using the taxes payable method. As a result, the Company's income tax expense varies from the amount that would otherwise result from the application of the statutory income tax rates as set out below:

	2020	2019
	$	$
Net income (loss) before income taxes	**(1,717,080)**	(9,745,828)
Income tax recovery based on effective rate of 27% (2019 – 29%)	**(477,000)**	(2,606,000)
Permanent differences and others	**(1,382,000)**	664,000
Change in valuation allowance	**1,859,000**	1,677,000
Net deferred tax (recovery)	**-**	(265,000)

Significant components of the company's deferred income tax assets (liabilities) are as follows:

	2020	2019
	$	$
Non-capital loss carry forward	**6,998,000**	4,442,000
Capital assets	**788,000**	1,122,000
Debt issuance costs	**(55,000)**	(284,000)
Investments	**(515,000)**	-
Share issuance costs	**125,000**	202,000
Deferred tax assets not recognized	**(7,341,000)**	(5,482,000)
Deferred tax asset (liability)	**-**	-

As of December 31, 2020 the Company has losses of approximately $26,232,000 (2019 - $16,317,000) available for carry-forward to reduce future years' taxable income. These losses begin to expire in 2034 as follows:

	$
2034	53,000
2035	3,792,000
2036	577,000
2037	284,000
2038	5,147,000
2039	11,499,000
2040	4,880,000
	26,232,000

22. COMMITMENTS AND CONTINGENCIES

From time to time, the Company enters into contracts for services in the normal course of operations. The Company's current contractual commitments vary in terms and can be terminated upon sufficient notice.

From time to time, the Company is engaged in various legal proceedings and claims that have arisen in the normal course of business. The outcome of all the proceedings and claims against the Company is subject to future resolution, including the uncertainties of litigation. Management believe that the probable ultimate resolution of any such proceedings and claims, individually or in the aggregate, will not have a material adverse effect on the financial condition of the Company.

23. SUBSEQUENT EVENTS

IM Cannabis to Acquire MYM Nutraceuticals

Subsequent to the year ended December 31, 2020 MYM announced it has agreed to be acquired by IM Cannabis Corp. ("IMC") pursuant to the terms and subject to the conditions of a definitive arrangement agreement (the "Arrangement Agreement") dated March 31, 2021 between MYM, IMC and Trichome Financial Corp. ("Trichome") (the "Transaction").

Under the terms of the Arrangement Agreement, the shareholders of MYM will receive 0.022 common shares of IMC ("IMC Shares") for each common share of MYM ("MYM Shares"), representing a price of $0.195 per MYM Share based on respective closing prices of IMC and MYM on March 31, 2021.

The Transaction is subject to customary closing conditions, including receipt of shareholder approval from MYM shareholders and court and regulatory approvals. If the Transaction is completed, MYM is expected to apply to cease being a reporting issuer and to de-list from the Canadian Securities Exchange.