Spyder Cannabis Inc.

Condensed Interim Consolidated Financial Statements
For the Three Months Ended April 30, 2021 and 2020
(Unaudited - Expressed in Canadian Dollars)

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Spyder Cannabis Inc.
Notice to Reader

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

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements.

June 29, 2021

Spyder Cannabis Inc.

Condensed Interim Consolidated Statements of Financial Position
As at April 30, 2021 and January 31, 2021
(Unaudited - Expressed in Canadian Dollars)

	April 30, 2021	January 31, 2021
	$	$
ASSETS		
Current		
Cash	**1,014,227**	298,256
Accounts receivable	**352,159**	-
Inventory *(Note 7)*	**1,516,203**	171,300
Prepaid expenses	**297,409**	73,584
Total current assets	**3,179,998**	543,140
Non-current assets		
Property and equipment *(Note 8)*	**1,146,233**	219,153
Right-of-use assets *(Note 9)*	**5,555,816**	469,976
Intangible assets *(Note 10)*	**457,964**	-
Goodwill *(Note 6)*	**9,458,313**	-
Total non-current assets	**16,618,326**	689,129
Total assets	**19,798,324**	1,232,269
LIABILITIES AND EQUITY		
Current		
Trade and other payable	**1,405,954**	745,811
Income taxes payable	**5,767**	-
Harmonized sales tax payable	**35,812**	-
Current portion of lease liabilities *(Note 16)*	**1,068,931**	57,569
Loans payable - current *(Note 13)*	**545,481**	925,567
Contract liability - current *(Note 11)*	**69,821**	-
Promissory note *(Note 12)*	**11,129,172**	-
Total current liabilities	**14,260,938**	1,728,947
Non-current liabilities		
Lease liabilities *(Note 16)*	**5,344,497**	552,306
Contract liability *(Note 11)*	**197,399**	-
Government loan *(Note 14)*	**163,775**	159,119
Loans payable *(Note 13)*	**-**	20,147
Total non-current liabilities	**5,705,671**	731,572
Total liabilities	**19,966,609**	2,460,519
SHAREHOLDERS' DEFICIENCY		
Share capital *(Note 17)*	**4,231,481**	2,929,776
Warrants	**99,398**	99,398
Contributed surplus	**368,361**	392,631
Deficit	**(4,867,525)**	(4,650,055)
Total shareholders' deficiency	**(168,285)**	(1,228,250)
Total liabilities and shareholders' deficiency	**19,798,324**	1,232,269

Nature of Operations and Going Concern *(Note 1)*
Commitments *(Note 26)*
Subsequent Events *(Note 27)*

Approved on behalf of the Board of Directors:

(signed) "Mark Pelchovitz", Director (signed) "Steven Glaser", Director

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

Spyder Cannabis Inc.

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss
For the Three Months Ended April 30, 2021 and 2020
(Unaudited - Expressed in Canadian Dollars)

	2021	2020
	$	$
Revenue	**2,024,938**	73,202
Cost of goods sold	**1,200,627**	43,319
Gross profit	**824,311**	29,883
Expenses		
General and administration expenses *(Note 20)*	**976,940**	328,567
Finance charges *(Note 21)*	**111,027**	47,296
Total expenses	**1,087,967**	375,863
Loss before other income	**(263,656)**	(345,980)
Other income	**46,186**	-
Net loss and comprehensive loss	**(217,470)**	(345,980)
Loss per share - basic and diluted	**(0.01)**	(0.01)
Weighted average number of shares outstanding - basic and diluted	**57,213,104**	43,219,177

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

Spyder Cannabis Inc.

Condensed Interim Consolidated Statements of Changes in Equity
For the Three Months Ended April 30, 2021 and 2020
(Unaudited - Expressed in Canadian Dollars)

	Share Capital	Reserves	Deficit	Shareholders' Deficiency
	$	$	$	$
Balance, January 31, 2020	**2,736,176**	**492,029**	**(3,340,437)**	**(112,232)**
Net loss for the period	-	-	(345,980)	(345,980)
Balance, April 30, 2020	**2,736,176**	**492,029**	**(3,686,417)**	**(458,212)**
Balance, January 31, 2021	**2,929,776**	**492,029**	**(4,650,055)**	**(1,228,250)**
Common shares issued for private placement	1,000,000	-	-	1,000,000
Share issuance costs	(39,115)	-	-	(39,115)
Common shares issued for settlement of debt	299,000	-	-	299,000
Common shares issued for exercise of stock options	41,820	(24,270)	-	17,550
Net loss for the period	-	-	(217,470)	(217,470)
Balance, April 30, 2021	**4,231,481**	**467,759**	**(4,867,525)**	**(168,285)**

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

Spyder Cannabis Inc.

Condensed Interim Consolidated Statements of Cash Flows
For the Three Months Ended April 30, 2021 and 2020
(Unaudited - Expressed in Canadian Dollars)

	2021	2020
	$	$
Cash was provided by (used) in the following activities:		
Operating activities		
Net loss for the period	**(217,470)**	(345,980)
Items not requiring an outlay of cash:		
Amortization	**5,132**	-
Depreciation	**28,051**	78,746
Depreciation of right-of-use assets	**116,106**	50,161
Interest on lease liabilities	**78,283**	26,014
Accretion	**4,656**	-
Change in non-cash working capital:		
Sales tax receivable	**35,812**	15,078
Accounts receivable	**16,568**	-
Inventory	**(65,168)**	23,538
Prepaid expenses	**(47,682)**	(209,225)
Contract liability	**5,918**	-
Trade and other payables	**(162,718)**	226,284
Cash flows used in operating activities	**(202,512)**	(135,384)
Financing Activities		
Loans payable	**(101,233)**	130,720
Short-term advances	**200,000**	-
Proceeds from private placement	**960,885**	-
Proceeds from exercise of stock options	**17,550**	-
Lease payments	**(158,719)**	(65,708)
Cash flows provided by financing activities	**918,483**	65,012
Investing Activities		
Purchase of property and equipment	-	(24,889)
Cash flows provided by (used in) investing activities	-	(24,889)
Increase in cash during the period	**715,971**	(95,261)
Cash, beginning of period	**298,256**	127,980
Cash, end of period	**1,014,227**	32,719

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

1. Nature of Operations and Going Concern

Spyder Cannabis Inc. (formerly, Anchor Capital Corporation) ("Spyder" or the "Company") was incorporated pursuant to the provisions of the *Business Corporations Act* (Alberta) on February 20, 2014. The Company's common shares are currently listed for trading on the TSX Venture Exchange ("TSX-V") under the symbol "SPDR". The Company is an established cannabis and vape retailer that sells cannabis products, vape and nicotine-related products, herbal vaporizers, other smoking cessation products and accessories where regulations permit. The Company's retail locations are currently located in the provinces of Ontario and Alberta and operate under the SPDR Cannabis, Spyder Vapes and 180 Smoke retail platforms. The Company's corporate and registered office is 7600 Weston Road, Unit 51, Woodbridge, Ontario, L4L 8B7.

Reverse Takeover

On May 31, 2019, the Company completed the acquisition of Spyder Vapes Inc. ("Spyder Vapes"), a privately held company incorporated on August 18, 2014. The Company acquired all of the issued and outstanding common shares of Spyder Vapes through a reverse takeover transaction (the "RTO"), which was affected pursuant to a merger agreement between Anchor Capital Corporation and Spyder Vapes Inc. As part of the RTO, 11304372 Canada Inc. ("Acquisition Co"), was formed as a wholly-owned subsidiary of the Company solely for the purpose of facilitating the three-cornered amalgamation (the "Amalgamation") in connection with the RTO. Pursuant to the Amalgamation, the Company purchased all of the issued and outstanding common shares of Spyder Vapes on the basis of one (1) common share in the capital of the Company for each issued and outstanding common share of Spyder Vapes immediately prior to the Amalgamation. In addition, the Company, as the resulting issuer, also changed its name from "Anchor Capital Corporation" to "Spyder Cannabis Inc."

Upon closing of the Amalgamation, the Company issued 40,025,331 common shares of the Company, warrants for the purchase of 1,379,828 common shares of the Company and options for the purchase of 3,851,400 common shares of the Company. Furthermore, following the closing of the Amalgamation, (i) the former shareholders of Spyder Vapes owned approximately 88.7% of the issued and outstanding common shares of the Company, and (ii) the principals of Spyder Vapes collectively held 12,644,986 common shares and options for the purchase of 1,400,000 common shares of the Company.

Going Concern and Impact of COVID-19

In March 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", was declared a pandemic by the World Health Organization, resulting 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.

In accordance with Canadian, provincial and local government guidelines, the Company has experienced intermittent government-mandated closures of its retail stores, as well as capacity restrictions that has significantly impacted the operations and financial performance of the Company. The Company has continued to operate its retail locations and e-commerce platforms with strict cleaning protocols and social distancing measures in place, successfully generating substantial online sales growth that has partially offset the impact of retail store closures, constraints and in-store traffic declines.

1. Nature of Operations and Going Concern (continued)

Going Concern and Impact of COVID-19 (continued)

As a result of the significant negative impacts that COVID-19 has had on the global economy, consumer confidence and the retail operating environment, the Company's consolidated financial results for the three months ended April 30, 2021 have been materially impacted. Since March 2020, the Company has implemented many strategies to reduce costs and manage liquidity to overcome the negative impacts of the pandemic, including but not limited to the following:

- Reduced selling, general and administrative costs, capital expenditures and other discretionary spending;
- Realized on personnel cost savings related to temporary layoffs as a result of store closures, temporary reductions in compensation and other hiring and salary freezes, where applicable;
- Worked with landlords to abate or defer a significant portion of retail store rents during retail shut downs or subsequent periods; and
- Evaluated, qualified and applied for applicable government relief programs.

Management recognizes that while it has implemented an action plan to best navigate the impacts of COVID-19 on the Company's business, there is still uncertainty with respect to the duration and extent to which the pandemic may adversely impact the operations and financial performance of the Company. The Company expects to have access to certain relief loans and other forms of support available to businesses impacted by COVID-19, however, to the extent that the pandemic continues, or further public restrictions are imposed by applicable governmental authorities, the degree to which the Company's operations and financial performance could be affected may further become impacted.

Going Concern

These condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. During the three months ended April 30, 2021, the Company incurred a net loss of $217,470 (April 30, 2020 - $345,980) and had an accumulated deficit of $4,867,525 (January 31, 2021 - $4,650,055) as at April 30, 2021. As such, there is a material uncertainty related to these events and conditions that may cast significant doubt on the 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. As a result, within the next twelve months, the Company will need to generate positive cash flows from operations, and/or obtain additional equity or debt financing in order to meet its liabilities as they come due and to continue with its business activities. These consolidated financial statements do not reflect the adjustments or reclassification of assets and liabilities that would be necessary if the Company were unable to continue its operations. Accordingly, these consolidated financial statements have been prepared on the basis of accounting policies applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

2. Basis of Preparation

a) Statement of Compliance

These condensed interim consolidated financial statements have been prepared in conformity with International Accounting Standards ("IAS") 34 – *Interim Financial Reporting* and do not include all information required for full annual consolidated financial statements in accordance with IFRS and should be read in conjunction with the audited consolidated financial statements for the year ended January 31, 2021. These condensed interim consolidated financial statements of the Company and its subsidiaries were prepared using accounting policies consistent with IFRS as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee ("IFRIC").

b) Basis of Measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for cash, which is measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Functional and Presentation Currency

These condensed interim consolidated financial statements are presented in Canadian Dollars, which is the functional currency of the Company and its subsidiaries.

d) Use of Estimates and Judgements

The preparation of these condensed interim consolidated financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and 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 condensed interim consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout these condensed interim consolidated financial statements and may require accounting adjustments based on future occurrences.

The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The fair value of securities traded in active markets are based on quoted market prices at the close of trading on the reporting date.

For public company warrants (i.e. the underlying security of which is traded on a recognized stock exchange), valuation models such as Black-Scholes are used when there are sufficient and reliable observable market inputs. These market inputs include risk-free interest rate, exercise price, market price at date of valuation, expected dividend yield, expected life of the instrument and expected volatility of the underlying security based on historical volatility.

2. Basis of Preparation (continued)

e) Basis of consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The financial statements of subsidiaries are included in the condensed interim consolidated financial statements from the date that control commences until the date that control ceases. These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries: 2360149 Ontario Inc. and its wholly-owned subsidiaries: 420 Wellness Inc. and 180 Smoke LLC; 2488004 Ontario Inc.; 180 VFC Inc.; SPDR (USA) Corporation; and Spyder Cannabis Subco Inc. and its wholly-owned subsidiaries: Spyder Vapes Inc., Spyder Vapes (East) Inc., Spyder Vapes (Appleby) Inc., and The Green Spyder Inc. and its wholly-owned subsidiaries: The Green Spyder (Pickering) Inc., The Green Spyder (Lundy's) Inc. and The Green Spyder IP Inc. All inter-company transactions, balances and unrealized gains and losses on transactions between these subsidiaries are eliminated upon consolidation.

3. Significant Accounting Policies

The significant accounting policies applied by the Company are the same as those applied as at and for the year ended January 31, 2021 and are consistently applied to all periods presented except as noted below. They do not include all the information required for full annual financial statements in accordance with IFRS and should be read in conjunction with the audited financial statements for the year ended January 31, 2021.

Business Combinations

Acquisitions have been accounted for using the acquisition method required by *IFRS 3, Business Combinations*. Goodwill arising from acquisitions is measured as the fair value of the consideration transferred less the net recognized amount of the estimated fair value of identifiable assets acquired and liabilities assumed (subject to certain exemptions to fair value measurement principles such as deferred tax assets or liabilities), all measured as of the acquisition date. Transaction costs that are incurred by the Company in connection with a business combination are expensed as incurred (except for costs directly related to the issuance of shares which are recognized in equity). The Company uses its best estimates and assumptions to accurately value assets and liabilities assumed at the acquisition date as well as contingent consideration, where applicable, and these estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, the Company records adjustments to the assets acquired and liabilities assumed with a corresponding offset to goodwill. On conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded in profit and loss.

Future Accounting Pronouncements

The accounting pronouncements detailed in this note have been issued but are not yet effective. The Company does not expect the impact of applying these standards to be significant on its condensed interim consolidated financial statements.

3. Significant Accounting Policies (continued)

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The International Accounting Standards Board ("IASB") has published *Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)* which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period";
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2022. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

Amendments to IFRS 16, Leases – COVID-19-Related Rent Concessions

In May 2020, the IASB published COVID-19-Related Rent Concessions, which amends IFRS 16, *Leases*, to provide lessees with a practical expedient that relieves lessees from assessing whether a COVID-19-related rent concession is a lease modification. COVID-19-Related Rent Concessions qualify for the practical expedient if there was a decrease in lease consideration, reduction of lease payments that affected payments originally due on or before June 30, 2021, and no substantive changes to other terms and conditions of the lease. The amendment became effective for annual reporting periods beginning on or after June 1, 2020. Earlier application is permitted.

The Company applied the practical expedient for the annual period ending January 31, 2021 and has recorded any eligible change in lease payments resulting from COVID-19-Related Rent Concessions in the consolidated statements of operations and comprehensive loss, at the later of the date on which the rent concession arrangement is executed and the period to which the rent concession relates.

4. Use of Judgements and Estimates

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions that affect the carrying amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses for the years presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, the results of which form the basis of the valuation of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

The following are the critical judgements in applying accounting policies and key sources of estimation uncertainty at the end of the reporting year that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Use of Judgements and Estimates (continued)

Estimates and judgements

Critical accounting estimates are those that require management to make assumptions about matters that are highly uncertain at the time the estimate or assumption is made. Judgements are used in situations when there is a choice and/or assessment required by management. Critical accounting estimates are also those that could potentially have a material impact on the Company's financial results where a different estimate or assumption is used. The significant area of estimation uncertainty and use of judgments are the following:

Inventory valuation

Inventory is carried at the lower of cost and net realizable value; in estimating net realizable value, the Company makes estimates related to obsolescence, future selling prices, seasonality, customer behavior, and fluctuations in inventory levels. The Company records a write-down to reflect management's best estimate of the net realizable value of inventory based on the above factors.

Income taxes

The calculations for current and deferred taxes require management's interpretation of tax regulations and legislation in the various tax jurisdictions in which the Company operates, which are subject to change. The measurement of deferred tax assets and liabilities requires estimates of the timing of the reversal of temporary differences identified and management's assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income before they expire, which involves estimating future taxable income.

The Company is subject to assessments by various taxation authorities in the tax jurisdictions in which it operates and these taxation authorities may interpret the tax legislation and regulations differently. In addition, the calculation of income taxes involves many complex factors. As such, income taxes are subject to measurement uncertainty and actual amounts of taxes may vary from the estimates made by management.

Share-based compensation

Estimating fair value for granted stock options and warrants requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option or warrant, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

Carrying values of tangible assets

The Company assesses the carrying value of its tangible assets annually or more frequently if warranted by a change in circumstances. If it is determined that carrying values of assets cannot be recovered, the unrecoverable amounts are charged against current net income (loss). Recoverability is dependent upon assumptions and judgements regarding market conditions, costs of operations and sustaining capital requirements. Other assumptions used in the calculation of recoverable amounts are discount rates and future cash flows. A material change in the assumptions may significantly impact the potential impairment of these assets.

4. Use of Judgements and Estimates (continued)

Leases

The Company estimates a lease term by considering the facts and circumstances that can create an economic incentive to exercise an extension option, or not exercise a termination option by assessing relevant factors such as profitability. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment of a lease term is reviewed if a significant event or a significant change in circumstance occurs, which affects this assessment and that is within the control of the lessee. The Company estimates the incremental borrowing rate used to measure our lease liability for each lease contract. This includes estimation in determining the asset-specific security impact.

Deferred tax assets

Deferred tax assets, including those arising from tax loss carry-forwards, require management to assess the likelihood that the Company will generate sufficient taxable income in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

Contingencies

Management uses judgement to assess the existence of contingencies. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. Management also uses judgement to assess the likelihood of the occurrence of one or more future events.

Convertible debentures

The calculation of convertible debentures and its equity portion and the accretion expenses on convertible debentures requires estimates of the effective interest rate which is based on the Company's incremental borrowing rate for a loan of similar terms but without the conversion feature. Any changes to the estimate can significantly affect the amortized cost of the convertible debentures, equity portion of the convertible debentures and the accretion expense of the convertible debentures.

5. Reverse Takeover of Spyder Vapes

On May 31, 2019, the Company completed the acquisition of all of the issued and outstanding common shares of Spyder Vapes pursuant to the RTO as disclosed in Note 1. These consolidated financial statements represent a continuation of Spyder Vapes and not those of the Company prior to the completion of the RTO.

The transaction constituted a RTO of the Company as the shareholders of Spyder Vapes obtained control of the Company which did not meet the definition of a business combination pursuant to IFRS 3, *Business Combinations*. As such, the RTO has been accounted for as a share-based transaction under IFRS 2 ("IFRS 2"), *Share-based Payment*. Since Spyder Vapes is the deemed acquirer for accounting purposes, these consolidated financial statements present the historical information and results of Spyder Vapes.

(Unaudited - Expressed in Canadian Dollars)

5. Reverse Takeover of Spyder Vapes (continued)

The accounting for the RTO resulted in the following:

i) The consolidated financial statements of the combined entity are issued under the Company as the legal parent but are considered to be a continuation of the financial results of Spyder Vapes.

ii) Since Spyder Vapes is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in these consolidated financial statements at their historical carrying values.

iii) Since the common shares allocated to the shareholders of the Company on closing of the RTO are considered within the scope of IFRS 2, and the Company cannot identify specifically some or all of the goods or services received in return for the allocation of the shares, the value in excess of the net identifiable assets or obligations of Anchor Capital Corporation Inc. acquired on closing was expensed in the consolidated statement of operations and comprehensive loss as a listing expense.

The fair value of the 4,514,000 common shares and options to acquire 551,400 common shares of Anchor Corporation Inc. issued pursuant to the RTO was determined to be $677,100, at a deemed price of $0.15 per common share, and $76,252, respectively.

The fair value of all the consideration given and charged to listing expenses was comprised of:

	$
Fair value of the common shares and options for the purchase of common shares issued at RTO date:	**753,352**
Identifiable assets acquired - May 31, 2019	
Cash	29,233
Accounts payable	(12,200)
	17,033
Unidentifiable assets acquired - May 31, 2019	
Listing expense	736,319
Total net identifiable assets and transaction costs	**736,319**

The Company incurred additional listing expenses of $249,100 pursuant to the RTO. The total listing expense incurred by the Company in relation to the RTO amounted to $985,419.

6. Acquisition of 180 Smoke

On March 30, 2021, the Company acquired (the "Acquisition") all of the issued and outstanding common shares of the entities that collectively comprise the business of 180 Smoke (collectively, "180 Smoke"), a dominant vape retailer in Canada, namely: (i) 2360149 Ontario Inc. d/b/a 180 Smoke and its wholly-owned subsidiaries 420 Wellness Inc. and 180 Smoke LLC; (ii) 180 VFC Inc.; and (iii) 2488004 Ontario Inc. The Acquisition was completed with an arm's length party on a cash-free basis (after post-closing adjustments), for nominal consideration of $1.

(Unaudited - Expressed in Canadian Dollars)

6. Acquisition of 180 Smoke (continued)

In accordance with the Company's accounting policies and IFRS, the measurement period for the Acquisition shall not exceed one year from acquisition date. Accordingly, the accounting for the Acquisition has only been provisionally determined as at March 30, 2021 and April 30, 2021. The following table summarizes the fair value of consideration paid on the acquisition date and the allocation of the purchase price to the assets and liabilities acquired. The Company has yet to determine and value any intangible assets that may have been acquired as part of the Acquisition. Once this has been determined, the value of the provisional goodwill may change. These changes may be material.

	$
Consideration paid	
Cash consideration	**1**
Purchase Price Allocation	
Assets acquired	
Cash and cash equivalents	**288,546**
Accounts receivable	**368,727**
Prepaid expenses and deposits	**176,143**
Inventory	**1,279,735**
Property, plant and equipment	**955,131**
Intangible assets	**463,096**
Right-of-use assets	**5,201,946**
Total assets	**8,733,324**
Liabilities assumed	
Accounts payable and accrued liabilities	**911,407**
Income taxes payable	**5,767**
Contract liability	**261,302**
Lease liabilities	**5,883,989**
Long-term debt	**11,129,171**
Total liabilities	**18,191,636**
Provisional amount allocated to Goodwill	**9,458,313**

7. Inventory

As part of the acquisition of 180 Smoke, the Company acquired inventory in the amount of $1,279,735. As at April 30, 2021 and January 31, 2021, the Company's inventory was comprised of the following.

	April 30, 2021 $	January 31, 2021 $
Raw materials	**136,485**	-
Work-in-progress	**1,171**	-
Finished goods	**1,378,547**	171,300
Total inventory balance at the lower of cost and net realizable value	**1,516,203**	171,300

(Unaudited - Expressed in Canadian Dollars)

8. Property and Equipment

Property and equipment are comprised of the following:

	Furniture and equipment $	Plant and machinery $	Computer equipment $	Leasehold improvements $	Website, signs and automobile $	Total $
Cost						
As at January 31, 2020	**81,565**	**-**	**22,289**	**299,763**	**85,579**	**570,761**
Additions	52,374	-	10,174	168,148	2,946	233,642
Disposals	(42,442)	-	(2,381)	(241,161)	(7,880)	(293,864)
As at January 31, 2021	**91,497**	**-**	**30,082**	**226,750**	**80,645**	**510,539**
Additions	269,705	34,226	5,171	646,029	-	955,131
Disposals						-
As at April 30, 2021	**361,202**	**34,226**	**35,253**	**872,779**	**80,645**	**1,465,670**
Accumulated depreciation						
As at January 31, 2020	**31,598**	**-**	**16,090**	**114,371**	**62,444**	**224,503**
Depreciation	23,868	-	5,122	73,838	10,147	112,975
Disposals	(20,841)	-	(2,381)	(96,555)	(7,880)	(127,657)
As at January 31, 2021	**34,625**	**-**	**18,831**	**91,654**	**64,711**	**209,821**
Depreciation	6,255	530	1,004	17,730	2,532	28,051
Disposals	-	-	-	-	-	-
As at April 30, 2021	**40,880**	**530**	**19,835**	**109,384**	**67,243**	**237,872**
Net book value ($)						
As at January 31, 2021	**56,872**	**-**	**11,251**	**135,096**	**15,934**	**219,153**
As at April 30, 2021	**320,322**	**33,696**	**15,418**	**763,395**	**13,402**	**1,146,233**

During the three months ended April 30, 2021, the Company recorded depreciation expense related to property and equipment in the amount of $28,051 (April 30, 2020 - $78,746).

9. Right-of-use Assets

	$
As at January 31, 2020	**653,813**
Disposals during the year	(54,700)
Depreciation during the year	(129,137)
Net Book Value January 31, 2021	**469,976**
Additions during the period (Note 6)	5,201,946
Disposals during the period	-
Depreciation during the period	(116,106)
Net Book Value April 30, 2021	**5,555,816**

Leased properties are amortized over the terms of their respective leases.

(Unaudited - Expressed in Canadian Dollars)

10. Intangible Assets

Intangible assets are comprised of the following:

Cost:	$
As at January 31, 2021	**-**
Additions	463,096
As at April 30, 2021	**463,096**
Accumulated Amortization:	
As at January 31, 2021	**-**
Amortization	5,132
As at April 30, 2021	**5,132**
Carrying amount:	
As at January 31, 2021	**-**
As at April 30, 2021	**457,964**

11. Contract Liability

Contract liability relates to deferred revenue consisting of loyalty programs, franchise fee revenue, and service fee revenue. The Company acquired this contract liability as part of the acquisition of 180 Smoke (Note 6) in the amount of $261,302. Subsequent to the Acquisition of 180 Smoke, the Company received advanced payments from customers in the amount of $14,472 and recognized performance obligations in the amount of $8,554. As at April 30, 2021, this contract liability amounted to $267,220.

12. Promissory Note

The Company's promissory note is unsecured, non-interest bearing and due on demand. The promissory note arose from the Company's acquisition of 180 Smoke (Note 6).

13. Loans Payable

Loans payable are comprised of the following:

	April 30, 2021	January 31, 2021
	$	$
Vehicle loan, payable in monthly installments of $550, non-interest bearing, matures on August 2021 and secured by related vehicle.	**-**	3,854
Government guaranteed bank loan, payable in monthly installments of $1,530, bearing interest at prime plus 3% per annum. Balance is secured by a general security agreement and guaranteed by 2 shareholders of the Company up to a maximum of 25% of the original amount advanced.	**33,929**	38,507
Loans payable, interest bearing at rates between 12% - 24% per annum, interest only payments, monthly, secured and due on demand.	**511,552**	903,353
	545,481	945,714
Less: current portion	**(545,481)**	(925,567)
Balance, April 30, 2021 and January 31, 2021	**-**	20,147

(Unaudited - Expressed in Canadian Dollars)

14. Government Loan

During the year ended January 31, 2021, the Company obtained an aggregate of $300,000 in loans under the Canada Emergency Business Account (collectively, the “CEBA Loan”). The CEBA Loan was granted in in the form of an interest-free revolving line of credit of which up to $300,000 may be drawn. On January 1, 2021, any balance remaining on the revolving line of credit automatically converted into a non-revolving term loan. Any outstanding balance on the CEBA Loan not repaid by January 1, 2023 is converted into an interest-bearing loan at a rate of 5% per annum. The CEBA Loan matures on December 31, 2025. If two-thirds (or $200,000) of the outstanding CEBA Loan is paid on or before December 31, 2022, the remaining one-third (or $100,000) will be forgiven. The Company expects to repay $200,000 of the outstanding CEBA Loan by December 31, 2022. The Company has discounted the CEBA Loan using a discount rate of 12% during the interest-free loan period, which is the Company’s incremental borrowing rate. The difference between the amount received and the fair value of the CEBA Loan has been reflected as government assistance in the consolidated statements of operations and comprehensive loss. The fair value of the CEBA Loan at inception amounted to $157,514. The difference of $142,486 has been reflected as government assistance on the consolidated statements of operations and comprehensive loss.

As at April 30, 2021, the fair value of the CEBA Loan amounted to $163,775 (January 31, 2021 - $159,119).

15. Government Grants

The Canada Emergency Wage Subsidy ("CEWS") government program provides a wage subsidy of up to 75% for qualifying businesses. The purpose of the wage subsidy is to allow employers to re-hire workers that were previously laid off and to continue to employ those who are already on payroll. During the three months ended April 30, 2021, the Company has received approximately $6,186 (April 30, 2020 - $nil) as a wage subsidy under the CEWS. This has been recognized in the consolidated statements of operations and comprehensive loss as a reduction to the related expenses.

16. Lease Liabilities

As at April 30, 2021, the Company has entered into various long-term lease agreements. At the commencement date of each lease, the lease liability was measured at the present value of the lease payments that have not been paid. The lease payments are discounted by the Company's incremental borrowing rate of 12%.

The continuity of the lease liability from January 31, 2020 to April 30, 2021 is presented below:

	$
As at January 31, 2020	**715,662**
Additions during the year	(54,698)
Interest expense	76,566
Lease payments	(127,655)
As at, January 31, 2021	**609,875**
Additions during the period	5,883,989
Interest expense	78,283
Lease payments	(158,719)
As at, April 30, 2021	**6,413,428**

(Unaudited - Expressed in Canadian Dollars)

16. Lease Liabilities (continued)

Summary:

	$
Current portion of lease liabilities	1,068,931
Non-current lease liabilities	5,344,497
Balance, April 30, 2021	**6,413,428**

17. Share Capital

The Company is authorized to issue an unlimited number of common shares.

	#	$
Balance, January 31, 2020	**43,219,177**	**2,736,176**
Common shares issued for the conversion of debt	3,000,000	150,000
Common shares issued for the conversion of accounts payable	872,000	43,600
Balance, January 31, 2021	**47,091,177**	**2,929,776**
Common shares issued for the exercise of options	175,500	41,820
Common shares issued for the settlement of debt	9,966,666	299,000
Common shares issued for private placement	14,814,814	960,885
Balance, April 30, 2021	**72,048,157**	**4,231,481**

During the three months ended April 30, 2021, the Company had the following common share transactions:

- On April 1, 2021, the Company completed a non-brokered private placement offering (the "Offering") through the issuance of 14,814,814 units ("Units") of the Company, at a price of $0.0675 per Unit, for total gross proceeds of approximately $1,000,000. In connection with the Offering, share issuance costs of $39,115 were recorded. Each Unit consisted of one common share of the Company and one common share purchase warrant (each, a "Warrant"). Each Warrant entitles the holder thereof to purchase one common share of the Company at a price of $0.135 per common share at any time prior to the earlier of: (i) April 1, 2023; or (ii) in the event that the closing price of the Company's common shares on the TSX-V is at least $0.20 per share for a minimum of 10 consecutive trading days, the Company may provide written notice to the holders of the Warrants accelerating the expiry date of such Warrants to be 30 days following the date of such written notice. A director of the Company participated in the Offering and received 150,000 Units for an aggregate subscription of $10,125;
- On March 16, 2021, the Company completed a debt settlement transaction pursuant to which the Company issued, to certain creditors of the Company, an aggregate of 9,966,666 common shares of the Company, at a deemed price of $0.03 per share, in settlement of an aggregate of $299,000 in indebtedness of the Company. Certain directors of the Company participated in the debt settlement transaction and acquired an aggregate of 7,933,332 common shares of the Company in settlement of an aggregate of approximately $237,997 in indebtedness of the Company; and
- On February 17, 2021, and in connection with options previously issued, options were exercised for the purchase of 175,500 common shares of the Company, at an exercise price of $0.10 per share, for total gross proceeds of $17,550. As a result of this exercise, contributed surplus in the amount of $24,270 was transferred into share capital.

(Unaudited - Expressed in Canadian Dollars)

17. Share Capital (continued)

During the year ended January 31, 2021, the Company had the following common share transactions:

- On August 24, 2020, the Company issued 3,000,000 common shares, at a price of $0.05 per share, to a director and former Chief Financial Officer of the Company in settlement of a secured loan in the amount of $150,000; and
- On August 24, 2020, the Company issued 872,000 common shares, at a price of $0.05 per share, to settle accounts payable from arms-length vendors in the amount of $43,600.

The Company is authorized to issue an unlimited number of preferred shares, issuable in series. The preferred shares may be issued in one or more series at the discretion of the Company's board of directors who are authorized to fix the number of preferred shares in each series and to determine the designation, rights, privileges, restrictions and conditions attached to the preferred shares of each series. As at April 30, 2021, no preferred shares were issued and outstanding.

18. Share-based Payments

The Company has an incentive stock option plan (the "Plan") in accordance with the policies of the TSX-V, pursuant to which a maximum of 3,993,837 options (the "Options") may be granted, and will be granted at the discretion of the Company's board of directors to eligible optionees which includes directors, officers, employees, or consultants of the Company (the "Optionees") under the Plan.

The Options granted pursuant to the Plan shall be exercisable for a period of up to ten years, and the number of common shares of the Company reserved for issuance to any one person shall not exceed 5% of the issued and outstanding common shares. Additionally, the number of common shares of the Company reserved for issuance to consultants or employees conducting investor relations activities will not exceed 2% of the issued and outstanding common shares in a twelve-month period. The Company's board of directors are authorized to determine the exercise price of the Options, in accordance with applicable TSX-V policies, and will also determine the number of common shares of the Company to be granted to an Optionee.

A summary of the Company's stock options outstanding as at April 30, 2021 and January 31, 2021 are as follows:

	April 30, 2021			January 31, 2021		
	Options Outstanding	**Weighted Average Exercise Price ($)**	**Weighted Average Life Remaining (yrs)**	Options Outstanding	Weighted Average Exercise Price ($)	Weighted Average Life Remaining (yrs)
Balance, beginning of the period	**3,851,400**	**0.07**	**3.08**	3,851,400	0.07	3.33
Granted (expired)	-	-		-	-	
Exercised	(175,000)					
Balance, end of the period	3,676,400	0.07	2.08	3,851,400	0.07	2.33
Exercisable, end of the period	**3,676,400**	**0.07**	**2.08**	3,851,400	0.07	2.33

(Unaudited - Expressed in Canadian Dollars)

18. Share-based Payments (continued)

Grant Date	Expiry Date	Options Outstanding	Options Exercisable	Exercise Price
Dec. 2, 2014	Dec. 2, 2024	376,400	376,400	$0.10
Sep. 1, 2017	Sep. 1, 2022	2,000,000	2,000,000	$0.05
Sep. 4, 2018	Sep. 4, 2023	200,000	200,000	$0.10
Oct. 10, 2018	Oct. 10, 2023	500,000	500,000	$0.10
Nov. 1, 2018	Nov. 1, 2023	600,000	600,000	$0.10

Total stock-based compensation recorded during the three months ended April 30, 2021 was $nil (January 31, 2021 - $nil).

19. Warrants

A summary of the Company's warrants outstanding at April 30, 2021 and January 31, 2021 are as follows:

	April 30, 2021			January 31, 2021		
	Options Outstanding	**Weighted Average Exercise Price ($)**	**Weighted Average Life Remaining (yrs)**	Options Outstanding	Weighted Average Exercise Price ($)	Weighted Average Life Remaining (yrs)
Balance, beginning of the period	**992,335**	**0.30**	**0.04**	1,379,828	0.1	0.83
Expired	(200,000)	0.30	0.00	-	-	-
Granted (expired)	14,814,814	0.10	1.30	(387,493)	0.1	1.3
Balance, end of the period	15,607,149	0.15	1.80	992,335	0.3	0.3
Exercisable, end of the period	**15,607,149**	**0.15**	**1.80**	992,335	0.3	0.3

During the three months ended April 30, 2021, the Company issued 14,814,814 warrants, as disclosed in Note 17.

(Unaudited - Expressed in Canadian Dollars)

20. General and Administrative Expenses

General and administrative expenses for the three months ended April 30, 2021 and 2020 are comprised of the following:

	2021	2020
	$	$
Salaries and wages	**406,280**	66,984
Office and general	**141,324**	38,372
Delivery	**87,855**	-
Rent and utilities	**86,125**	52,701
Professional fees	**62,755**	34,481
Advertising and promotion	**16,286**	150
Investor relations	**12,632**	-
Repairs and maintenance	**9,069**	-
Insurance	**7,584**	6,972
Foreign exchange gain	**(2,259)**	-
Amortization	**5,132**	-
Depreciation	**28,051**	78,746
Depreciation of right-of-use assets	**116,106**	50,161
	976,940	328,567

21. Finance Charges

Finance charges for the three months ended April 30, 2021 and 2020 are comprised of the following:

	2021	2020
	$	$
Interest on loans payable	**28,088**	21,282
Interest on lease liabilities	**78,283**	26,014
Accretion	**4,656**	-
	111,027	47,296

22. Capital Management

The Company's objectives when managing capital are to:

- Deploy capital to provide an appropriate return on investment to the Company's shareholders;
- Maintain financial flexibility in order to preserve the Company's ability to meet its financial obligations; and
- Maintain a capital structure that provides financial flexibility to execute on strategic opportunities.

22. Capital Management (continued)

The Company's strategy is formulated to maintain a flexible capital structure consistent with the objectives as stated above and to respond to changes in economic conditions and the risk characteristics of the underlying assets. The Company's board of directors do not establish quantitative return on capital criteria for management, but rather promotes year-over-year sustainable profitable growth. The Company is not subject to any externally imposed capital requirements or covenants.

The Company's capital structure consists of equity and working capital. In order to maintain or alter the capital structure, the Company may adjust capital spending, raise new debt and issue share capital.

23. Financial Management and Risk Assessment

Fair value

Financial instruments of the Company consist of cash, trade and other payables, advances to/from shareholders, convertible debentures and loans payable. There are no significant differences between the carrying amounts of the current assets and current liabilities reported on the consolidated statements of financial position and their estimated fair values due to the short-term nature of these items. The convertible debentures and loans payable approximate their fair value as terms and conditions represent market terms and conditions.

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies. Where quoted market values are not readily available, the Company may use considerable judgment to develop estimates of fair value. Accordingly, any estimated values are not necessarily indicative of the amounts to which the Company could realize on such financial instruments in a current market exchange and could be materially affected by the use of different assumptions or methodologies.

The Company's risk exposures and their impact on the Company's financial instruments are summarized below:

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, foreign exchange risk, commodity price risk and other price risk, such as equity risk. Financial instruments affected by market risk include loans, borrowings and deposits.

Credit risk

The Company is exposed to credit risk on its cash balance which is held with reputable financial institutions. As at April 30, 2021, management considered the Company's credit risk in relation to such financial assets to be low.

Interest rate risk

The Company is exposed to interest rate risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk arising from fluctuations in interest rates on its loans payable balance which accrues interest at a variable rate. Fluctuations in market rates do not have a significant impact on the Company's results of operations.

(Unaudited - Expressed in Canadian Dollars)

23. Financial Management and Risk Assessment (continued)

Liquidity risk

The Company is exposed to liquidity risk. Liquidity risk is the exposure of the Company to the risk of not being able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company's future liquidity is dependent on factors such as the ability to generate cash from operations and to raise money through debt or equity financings.

24. Related Party Transactions

Key management personnel compensation

The Company defines key management personnel as the officers and directors of the Company. Key management compensation during the three months ended April 30, 2021 and 2020 is as follows:

	2021	2020
	$	$
Salaries and other short-term employee benefits	**18,720**	10,400

During the three months ended April 30, 2021 and 2020, the Company had the following related party transactions and balances in the normal course of business:

a) During the three months ended April 30, 2021, the Company accrued professional and consulting fees in the amount of $40,000 (2020 - $nil) to Peldren Holdings Inc., a company controlled by a director and the former Chief Financial Officer.

b) Included in loans payable (Note 10), the following amounts were due to related parties:

   i) $60,000 of loans payable owing to Peldren Holdings Inc., a company controlled by a director and former Chief Financial Officer of the Company;

   ii) $23,000, comprised of $20,000 of loans payable and $3,000 of interest payable, owed to Daniel Pelchovitz, a director and former Chief Executive Officer of the Company;

   iii) $34,808 of interest payable, owed to Mark Pelchovitz, a director and former Chief Financial Officer of the Company; and

   iv) $26,373, comprised of $22,350 of loans payable and $4,023 of interest payable, owed to the spouse of a director and former Chief Financial Officer of the Company.

c) Included in accounts payable (Note 9), the following amounts were due to related parties:

   i) $13,000 of management fees payable to Peldren Holdings Inc., a company controlled by a director and the former Chief Financial Officer of the Company;

   ii) $34,260 of wages payable and owing to Daniel Pelchovitz, a director and former Chief Executive Officer of the Company; and

   iii) $23,340 of wages payable and owing to the spouse of a director and former Chief Financial Officer of the Company.

(Unaudited - Expressed in Canadian Dollars)

24. Related Party Transactions (continued)

Key management personnel compensation (continued)

On April 1, 2021, and as disclosed in Note 17, Steven Glaser, a director of the Company, participated in the Offering and received 150,000 Units for an aggregate subscription of $10,125.

On March 16, 2021, and as disclosed in Note 17, the Company completed a debt settlement transaction pursuant to which the Company issued, to Daniel Pelchovitz, Mark Pelchovitz and Steven Glaser, directors of the Company, an aggregate of 7,933,332 common shares of the Company, at a deemed price of $0.03 per share, in settlement of an aggregate of approximately $237,997 in indebtedness.

25. Comparative Amounts

Certain comparative figures have been reclassified to conform to these condensed interim consolidated financial statements presented and adopted for the current period. Such reclassifications did not have an impact on the previously reported net and comprehensive loss.

26. Commitments

Leases

The Company has commitments relating to operating leases for its retail locations under non-cancelable operating leases. The future minimal annual rental payments under these operating leases as at April 30, 2021 are as follows:

One year	$1,657,916
Between two to five years	$5,165,965
More than five years	$2,676,086

27. Subsequent Events

Financing

On May 17, 2021, and in connection with options previously issued, options for the purchase of 2,000,000 common shares of the Company were exercised at a price of $0.05 per share for total gross proceeds of $100,000.

Option Grants

On May 21, 2021, the Company granted and issued stock options for the purchase of up to 2,575,000 common shares of the Company to certain Company's employees, officers and directors. These stock options are exercisable for a period of four years from the date of issuance with an exercise price of $0.10 per share.