Harvest One Cannabis Inc.

Condensed Consolidated Interim Financial Statements
(Unaudited)

For the three and six months ended December 31, 2020 and 2019
(in Canadian dollars)

Harvest One Cannabis Inc.

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Harvest One Cannabis Inc.

Condensed consolidated interim statements of financial position

As at December 31, 2020 and June 30, 2020

(Unaudited – Expressed in thousands of Canadian dollars, except share and per share amounts)

	Note	**December 31 2020**	June 30 2020
		$	$
Assets			
Current assets			
Cash		**1,443**	1,406
Accounts receivable	3	**1,703**	1,671
Lease receivable		**108**	100
Inventories	4	**5,285**	9,288
Prepaid expenses and deposits		**379**	898
Assets held for sale	9	**4,892**	15,050
		13,810	28,413
Lease receivable		**348**	404
Property, plant and equipment	5	**6,413**	16,392
Intangible assets	6	**7,122**	12,635
Total assets		**27,693**	57,844
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	10	**8,688**	14,551
Loans and lease liabilities	11	**231**	3,893
Liabilities associated with assets held for sale	9	**892**	750
		9,811	19,194
Loans and lease liabilities	11	**2,147**	2,080
Total liabilities		**11,958**	21,274
Equity			
Share capital	13	**146,203**	146,203
Other reserves	14	**22,392**	21,800
Accumulated other comprehensive loss		**(513)**	(179)
Accumulated deficit		**(152,347)**	(134,307)
Equity attributable to Harvest One shareholders		**15,735**	33,517
Non-controlling interest	8	**—**	3,053
Total equity		**15,735**	36,570
Total liabilities and equity		**27,693**	57,844

Going concern (note 2(c))
Commitments and contingencies (note 17)
Subsequent events (note 20)

"Jason Bednar"
Jason Bednar, Director

"Gord Davey"
Gord Davey, Director

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

Harvest One Cannabis Inc.

Condensed consolidated interim statements of loss and comprehensive loss

For the three and six months ended December 31, 2020 and 2019

(Unaudited – Expressed in thousands of Canadian dollars, except share and per share amounts)

		Three months ended December 31		Six months ended December 31	
	Note	**2020**	2019	**2020**	2019
		$	$	**$**	$
Revenue		**1,951**	1,911	**3,830**	3,639
Excise taxes		**15**	—	**72**	—
Net revenue	18	**1,936**	1,911	**3,758**	3,639
Inventory expensed to cost of sales		**1,218**	1,573	**2,288**	2,964
Inventory write-down	4	**(285)**	—	**22**	—
Gross profit		**1,003**	338	**1,448**	675
Expenses					
General and administration	12	**1,826**	2,622	**3,625**	5,656
Sales and marketing		**167**	471	**350**	960
Acquisition costs		**—**	33	**—**	33
Research and development		**—**	86	**—**	198
Depreciation and amortization		**560**	528	**1,114**	1,051
Share-based compensation	14(a)	**200**	509	**592**	1,206
Severance and reorganization costs	15(c)	**—**	345	**163**	345
Asset impairment and write-downs	5(a)	**9,185**	7,900	**9,185**	7,900
		11,938	12,494	**15,029**	17,349
Loss from operations		**(10,935)**	(12,156)	**(13,581)**	(16,674)
Other (expense) income					
Interest and finance costs		**(96)**	(87)	**(245)**	(149)
Loss on investment in associate		**—**	(72)	**—**	(223)
Foreign exchange gain (loss)		**5**	(2)	**—**	(5)
		(91)	(161)	**(245)**	(377)
Net loss from continuing operations		**(11,026)**	(12,317)	**(13,826)**	(17,051)
Loss from discontinued operations	19	**(3,260)**	(3,838)	**(4,214)**	(4,534)
Net loss		**(14,286)**	(16,155)	**(18,040)**	(21,585)
Other comprehensive loss					
Foreign currency translation		**138**	14	**(334)**	(177)
Comprehensive loss		**(14,148)**	(16,141)	**(18,374)**	(21,762)
Net loss attributable to:					
Harvest One Cannabis Inc.		**(14,286)**	(15,991)	**(18,040)**	(21,252)
Non-controlling interests	8	**—**	(164)	**—**	(333)
Comprehensive loss attributable to:					
Harvest One Cannabis Inc.		**(14,148)**	(15,977)	**(18,374)**	(21,429)
Non-controlling interests	8	**—**	(164)	**—**	(333)
Net loss per share – basic and diluted		**(0.06)**	(0.07)	**(0.08)**	(0.10)
Weighted average number of outstanding common shares		**215,079,486**	214,753,945	**215,079,486**	214,207,173

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

Harvest One Cannabis Inc.

Condensed consolidated interim statements of changes in equity
For the six months ended December 31, 2020 and 2019
(Unaudited – Expressed in thousands of Canadian dollars, except share and per share amounts)

	Note	Number of shares	Share capital	Other reserves	Accumulated other comprehensive loss	Accumulated deficit	Non-controlling interest	Total
		#	$	$	$	$	$	$
Balance, July 1, 2019		185,819,851	125,093	18,042	(139)	(54,450)	4,589	93,135
Common shares issued for services		987,013	471	—	—	—	—	471
Common shares issued for acquisition	7(a)	28,272,622	20,639	—	—	—	—	20,639
Options and warrants issued for acquisition	7(a), 14	—	—	1,255	—	—	—	1,255
Share-based compensation	14	—	—	1,206	—	—	—	1,206
Foreign currency translation		—	—	—	(177)	—	—	(177)
Net loss		—	—	—	—	(21,252)	(333)	(21,585)
Balance, December 31, 2019		215,079,486	146,203	20,503	(316)	(75,702)	4,256	94,944
Balance, July 1, 2020		215,079,486	146,203	21,800	(179)	(134,307)	3,053	36,570
Share-based compensation	14	—	—	592	—	—	—	592
Foreign currency translation		—	—	—	(334)	—	—	(334)
Change in ownership interests in subsidiaries		—	—	—	—	—	(3,053)	(3,053)
Net loss		—	—	—	—	(18,040)	—	(18,040)
Balance, December 31, 2020		**215,079,486**	**146,203**	**22,392**	**(513)**	**(152,347)**	**—**	**15,735**

HARVEST ONE

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

Harvest One Cannabis Inc.

Condensed consolidated interim statements of cash flows

For the three and six months ended December 31, 2020 and 2019

(Unaudited – Expressed in thousands of Canadian dollars, except share and per share amounts)

		Six months ended December 31	
	Note	**2020**	2019
		$	$
Operating activities			
Net loss		**(18,040)**	(21,585)
Adjustments to reconcile non-cash items			
Depreciation and amortization		**1,555**	1,485
Asset impairment and write-downs		**9,185**	9,866
Impairment loss on remeasurement of disposal group	19	**1,311**	—
Inventory write-down	5	**1,247**	—
(Gain) loss on disposal of assets		**(135)**	113
Share-based compensation	14	**592**	1,206
Issuance of common shares for services		**—**	471
Interest and accretion on loans and borrowings	11	**196**	139
Loss from investment in associate		**—**	223
Unrealized change in fair value of biological assets	19	**—**	(2,002)
Realized fair value amounts included in inventory sold	19	**603**	931
Fair value adjustment in inventory expensed to cost of sales		**—**	769
Changes in working capital			
Cash reclassed as asset held for sale		**(59)**	(58)
Accounts and lease receivable		**(105)**	878
Inventories		**1,087**	(4,362)
Prepaid expenses and deposits		**361**	(411)
Accounts payable and accrued liabilities		**(4,934)**	(2,271)
Net cash used in operating activities		**(7,136)**	(14,608)
Investing activities			
Purchase of property, plant and equipment	5	**(26)**	(4,604)
Proceeds from sale of assets held for sale	9	**11,250**	—
Proceeds from sale of property, plant and equipment		**142**	152
Purchase of intangible assets		**—**	(33)
Investment in and loan to associate		**—**	(250)
Acquisition of businesses, net of cash acquired		**—**	86
Net cash provided by (used in) investing activities		**11,366**	(4,649)
Financing activities			
Repayment of loans and borrowings	11	**(3,791)**	(201)
Net cash used in financing activities		**(3,791)**	(201)
Effect of foreign exchange on cash		**(402)**	(63)
Change in cash during the period		**37**	(19,521)
Cash, beginning of the period		**1,406**	20,301
Cash, end of the period		**1,443**	780

Supplemental cash flow information (note 16)

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

1. Nature of operations

Harvest One Cannabis Inc. ("Harvest One") is a publicly traded corporation, incorporated in Canada, with its head office located at 404 – 999 Canada Place, Vancouver, BC, V6C 3E2. Harvest One's common shares are listed on the TSX Venture Exchange under the symbol "HVT" and on the OTCQX® Best Market operated by OTC Market Group ("OTCQX") under the symbol "HRVOF".

These consolidated financial statements as at and for the three and six months ended December 31, 2020 and 2019 include Harvest One and its subsidiaries (together referred to as "the Company") and the Company's interest in an affiliated company.

The principal activities of the Company are to provide innovative lifestyle and wellness products to consumers and patients in regulated markets around the world through its subsidiaries: Dream Water Global ("Dream Water") and Delivra Corp. ("Delivra"), which comprise the Company's consumer segment. As at June 30, 2020 and December 31, 2020, the cultivation as well as medical and nutraceutical segments were classified as assets held for sale, respectively (see note 9). Both segments are presented within discontinued operations during the periods ended December 31, 2020 and 2019 (see note 19).

2. Significant accounting policies

a) *Basis of presentation*

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 - Interim Financial Reporting, following the same accounting policies and methods of application as those disclosed in the annual audited consolidated financial statements for the year ended June 30, 2020. These condensed consolidated interim financial statements should be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended June 30, 2020, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors of the Company on March 1, 2021.

b) *COVID-19 Estimation Uncertainty*

In March 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. Government measures to limit the spread of COVID-19, including the closure of non-essential businesses. The Company's total net revenue from continuing operations have increased by an average of 4% since the last fiscal quarter. Furthermore, net revenue of continuing operations for the three and six months ended December 31, 2020 have increased by 1% and 3% compared the same periods in the prior year. The production and sale of cannabis have been recognized as essential services across Canada and Europe. Due to the rapid developments and uncertainty surrounding COVID-19, it is not possible to predict the impact that COVID-19 will have on the Company's business, financial position, and operating results in the future. In addition, it is possible that estimates in the Company's consolidated financial statements will change in the near term as a result of COVID-19 and the effect of any such changes could be material, which could result in, among other things impairment of long-lived assets including property, plant and equipment and intangible assets. The Company is closely monitoring the impact of the pandemic on all aspects of its business.

c) *Basis of accounting – going concern*

These condensed consolidated interim 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.

The Company's ability to continue in the normal course of operations is dependent on its ability to achieve profitable operation, raise additional capital through debt or equity financings, and/or divestiture of non-core assets. While the Company has been successful in raising capital in the past, there is no assurance it will be successful in closing further financing transactions in the future.

(Unaudited – Expressed in thousands of Canadian dollars, except share and per share amounts)

2. Significant accounting policies (continued)

c) *Basis of accounting – going concern (continued)*

The Company had a consolidated net loss of $14,286 and $18,040 for the three and six months ended December 31, 2020, negative operating cash flows of $7,136 for the six months ended December 31, 2020 and an accumulated deficit of $152,347 as at December 31, 2020. These conditions indicate the existence of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. If for any reason the Company is unable to continue as a going concern, then this could have an impact on the Company's ability to realize assets at their recognized values, in particular goodwill and other intangible assets, and to extinguish liabilities in the normal course of business at the amounts stated in the consolidated financial statements. Management acknowledges that in the absence of securing additional capital there is uncertainty over the Company's ability to meet its funding requirements as they fall due.

d) *Basis of measurement*

These condensed consolidated interim financial statements are presented in Canadian dollars and are prepared on a historical cost basis, except for certain financial instruments which are measured at fair value. These condensed consolidated interim financial statements have been prepared using the accrual method except for cash flow information.

e) Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. The accounts of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Intercompany transactions, balances and unrealized gains or losses on transactions are eliminated. The table below lists the Company's subsidiaries, investment in associate and the ownership interests in each:

Subsidiary	Jurisdiction	% ownership	Accounting method
United Greeneries Holdings Ltd.	Canada	100%	Consolidation
United Greeneries Operations Ltd.	Canada	100%	Consolidation
United Greeneries Saskatchewan Ltd.	Canada	100%	Consolidation
Satipharm Limited	Ireland	100%	Consolidation
Satipharm Europe Ltd.	UK	100%	Consolidation
Satipharm AG	Switzerland	100%	Consolidation
Satipharm Canada Limited	Canada	100%	Consolidation
Satipharm Australia Pty Ltd.	Australia	100%	Consolidation
Dream Products Inc.	Canada	100%	Consolidation
Dream Products USA Inc.	USA	100%	Consolidation
Sarpes Beverages, LLC	USA	100%	Consolidation
PhytoTech Therapeutics Ltd.	Israel	100%	Consolidation
Delivra Corp.	Canada	100%	Consolidation
Delivra Inc.	Canada	100%	Consolidation
Delivra Pharmaceuticals Inc.	Canada	100%	Consolidation
LivCorp Inc.	Canada	100%	Consolidation
LivCorp International Inc.	Canada	100%	Consolidation
LivVet Inc.	Canada	100%	Consolidation
PortaPack Ltd.	Canada	100%	Consolidation

(Unaudited – Expressed in thousands of Canadian dollars, except share and per share amounts)

3. Accounts receivable

The summary of the Company's accounts receivable is as follows:

	December 31 2020	June 30 2020
	$	$
Trade receivables	**1,607**	1,339
Taxes recoverable from governments	**96**	332
	1,703	1,671

The Company provides credit to its customers in the normal course of business and has mitigated this risk by managing and monitoring the underlying business relationships. At the reporting date, the Company assessed the collectability of the balance and concluded that none of the receivables were uncollectible.

4. Inventories

The summary of the Company's inventories is as follows:

	December 31 2020	June 30 2020
	$	$
Cannabis		
Work-in-progress	**2,543**	3,698
Finished goods	**1,470**	1,005
	4,013	4,703
CBD capsules and oils		
Raw materials and work-in-progress	**—**	313
Finished goods	**—**	2,353
	—	2,666
Liquid sleep shots and sleep powder packets		
Raw materials and work-in-progress	**21**	23
Finished goods	**930**	1,619
	951	1,642
Pain relief creams		
Raw materials and work-in-progress	**947**	612
Finished goods	**177**	275
	1,124	887
Packaging and supplies	**493**	840
Inventory allowance	**(1,296)**	(1,450)
	5,285	9,288

a) *CBD capsules and oils*

As at December 31, 2020, in connection with the sale of Satipharm described in note 20, the value of CBD capsules and oils of $2,463, less inventory allowance of $1,312, was classified as asset held for sale (note 9).

b) *Inventory allowance*

Due to estimation uncertainties attributable to COVID-19, it is not possible to predict whether the full carrying value of inventory can be recognized in the next 12 months. As such, during the six months ended December 31, 2020, the Company recognized an inventory valuation allowance of $1,296 (2019 – $nil).

(Unaudited – Expressed in thousands of Canadian dollars, except share and per share amounts)

4. Inventories (continued)

c) *Inventory write-down*

During the three and six months ended December 31, 2020, the Company recognized a reversal of $285 and a write-down of $22, respectively (2019 – $nil and $nil). Inventory write-downs of $1,226 and $1,226 were recognized during the three and six months ended December 31, 2020 on inventory within discontinued operations (note 19) (2019 – $nil and $nil).

5. Property, plant and equipment

The summary of the Company's property, plant and equipment is as follows:

	Plant and equipment	Office equipment	Building and leasehold improvements	Land	Construction in progress	Right-of-use assets	Total
	$	$	$	$	$	$	$
Cost							
July 1, 2019	4,570	535	11,880	1,856	13,346	—	32,187
Additions	609	50	127	—	8,355	954	10,095
Additions from Delivra acquisition (note 7)	481	—	—	—	—	—	481
Transfers to assets held for sale	(2,469)	(81)	(7,153)	(892)	(2,952)	(137)	(13,684)
Disposals and write-downs	(2,165)	(117)	(4,854)	(964)	(3,547)	(663)	(12,310)
June 30, 2020	1,026	387	—	—	15,202	154	16,769
Accumulated depreciation							
July 1, 2019	495	211	356	—	—	—	1,062
Depreciation	340	139	270	—	—	188	937
Transfers to assets held for sale	(291)	(50)	(341)	—	—	(18)	(700)
Disposals and write-downs	(467)	(80)	(285)	—	—	(90)	(922)
June 30, 2020	77	220	—	—	—	80	377
Net book value							
June 30, 2020	949	167	—	—	15,202	74	16,392
Cost							
July 1, 2020	1,026	387	—	—	15,202	154	16,769
Additions	—	—	—	—	26	—	26
Transfers to assets held for sale (note 9)	(546)	(30)	—	—	—	—	(576)
Disposals and write-downs	—	—	—	—	(9,327)	—	(9,327)
December 31, 2020	480	357	—	—	5,901	154	6,892
Accumulated depreciation							
July 1, 2020	77	220	—	—	—	80	377
Depreciation	38	43	—	—	—	37	118
Transfers to assets held for sale (note 9)	—	(16)	—	—	—	—	(16)
December 31, 2020	115	247	—	—	—	117	479
Net book value							
December 31, 2020	**365**	**110**	**—**	**—**	**5,901**	**37**	**6,413**

5. Property, plant and equipment (continued)

Of total depreciation of $62 and $118 (2019 – $294 and $632) recorded during the three and six months ended December 31, 2020, $59 and $115 (2019 – $194 and $380) was recorded as depreciation expense from continuing operations, and $3 and $3 (2019 – $100 and $252) was recorded as depreciation expense from discontinued operations. In addition, $nil and $nil (2019 – $93 and $182) was capitalized to cannabis inventory and subsequently recognized as production costs.

a) *Construction in progress*

Construction in progress relates to the construction of a 68,000 square foot indoor flowering facility at the Lucky Lake property in Saskatchewan. The amounts capitalized to construction in progress related to these projects will be transferred to other classes of property, plant and equipment upon completion and will be depreciated over their respective useful lives once available for use. The Company has suspended active development of its Lucky Lake facility since the beginning of the Strategic Review in February 2020 and continues to evaluate all strategic alternatives and potential sales of additional non-essential assets, including its Lucky Lake facility.

Management recognized the continued suspension of active development of the Lucky Lake facility as an indicator of impairment. During the three and six months ended December 31, 2020, the Company recognized an impairment loss of $9,185 on construction in progress based on the market value of comparable facilities.

b) *Right-of-use assets*

The Company adopted IFRS 16 – Leases effective July 1, 2019. During the six months ended December 31, 2020, the Company recognized $nil (2019 – $954) right-of-use asset additions.

(Unaudited – Expressed in thousands of Canadian dollars, except share and per share amounts)

6. Intangible assets

The summary of the Company's intangible assets is as follows:

	Brand names	Technology and formulations	In-process R&D	Customer relationships	Website and other	Total
	$	$	$	$	$	$
Cost						
July 1, 2019	4,190	—	4,659	1,540	206	10,595
Additions	—	—	—	—	22	22
Additions from Delivra acquisition (note 7)	1,853	2,286	470	—	—	4,609
Transfer to technology and formulations	—	4,659	(4,659)	—	—	—
Disposals and writedowns	—	(132)	—	—	(90)	(222)
June 30, 2020	6,043	6,813	470	1,540	138	15,004
Accumulated amortization						
July 1, 2019	—	—	—	239	22	261
Amortization	1,007	892	—	220	17	2,136
Disposals and writedowns	—	(28)	—	—	—	(28)
June 30, 2020	1,007	864	—	459	39	2,369
Net book value						
June 30, 2020	5,036	5,949	470	1,081	99	12,635
Cost						
July 1, 2020	6,043	6,813	470	1,540	138	15,004
Transfers to assets held for sale (note 9)	—	(3,347)	—	—	—	(3,347)
Disposals and writedowns (note 9)	—	(1,311)	—	—	—	(1,311)
December 31, 2020	6,043	2,155	470	1,540	138	10,346
Accumulated amortization						
July 1, 2019	1,007	864	—	459	39	2,369
Amortization	504	809	—	110	14	1,437
Transfers to assets held for sale (note 9)	—	(582)	—	—	—	(582)
December 31, 2020	1,511	1,091	—	569	53	3,224
Net book value						
December 31, 2020	**4,532**	**1,064**	**470**	**971**	**85**	**7,122**

Of total amortization of $695 and $1,437 (2019 – $427 and $853) recorded during the three and six months ended December 31, 2020, $501 and $999 (2019 – $427 and $853) was recorded as amortization expense from continuing operations, and $194 and $438 (2019 – $nil and $nil) was recorded as amortization expense from discontinued operations.

a) *Disposals and write-downs*

On February 16, 2021, the Company announced a transaction sell all of the issued and outstanding shares of its wholly-owned subsidiaries Satipharm Limited, Satipharm AG and Phytotech Therapeutics Ltd. (see note 20). As a result, an impairment loss of $1,311 was recognized on intangible assets upon remeasurement and $2,765 of intangible assets was classified as assets held for sale (see note 9).

(Unaudited – Expressed in thousands of Canadian dollars, except share and per share amounts)

7. Business combinations

The summary of the Company's asset acquisition and business combination completed during the year ended June 30, 2020 is as follows:

Acquisition completed during the year ended June 30, 2020	Delivra
	$
Consideration transferred	
Common shares issued	20,639
Options and warrants issued	1,255
	21,894
Purchase price allocation	
Net assets acquired	(2,221)
Intangible assets	
Technology and formulations	2,286
Brand name	1,853
In process R&D	470
Goodwill	19,506
	21,894
Net assets acquired	
Cash	86
Accounts receivables	334
Prepaid expenses and deposits	47
Inventories	2,650
Property, plant and equipment	481
Assets acquired	3,598
Accounts payable and accrued liabilities	(3,806)
Loans and borrowings	(2,013)
	(2,221)
Net cash inflows	
Cash consideration	—
Less: cash acquired	(86)
	(86)
Acquisition costs expensed	
Year ended June 30, 2020	23

On July 3, 2019, the Company completed the acquisition of all the outstanding shares of Delivra Corp. for a total consideration of $21,894, which consisted of 28,272,622 common shares with a fair value of $20,639; 2,907,918 options with a fair value of $920; and 2,191,502 warrants with a fair value of $335. The transaction was accounted for as a business combination in accordance with IFRS 3 – *Business Combinations*. In connection with the acquisition, the Company recognized $517 of acquisition costs during the year ended June 30, 2019.

Delivra is a Canadian company that manufactures and sells a range of natural topical pain relief creams for joint and muscle pain, nerve pain, varicose veins, and wound healing under the LivRelief™ brand. Harvest One acquired Delivra as a means to further its strategy of providing trusted, effective products to help people in their daily lives, as there are significant synergies between both organizations. The acquisition of Delivra and its LivRelief™ brand, which produces a variety of topicals and creams with existing distribution channels across Canada, positions Harvest One for the release of cannabis-infused products in Canada.

Goodwill arose from the acquisition as the consideration paid reflects: (1) the benefit of the acquired workforce, (2) synergies with the Company's consumer segment and (3) expected revenue growth. These benefits were not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. No amount of goodwill is expected to be deductible for tax purposes.

(Unaudited – Expressed in thousands of Canadian dollars, except share and per share amounts)

8. Non-controlling interests

The continuity of Greenbelt's non-controlling interest is as follows:

Company's ownership interest (%)		50.1%
Balance, June 30, 2019	$	4,589
Share of loss for the year ended June 30, 2020		(1,536)
Balance, June 30, 2020		3,053
Share of loss for the period ended December 31, 2020		—
Sale of non-controlling interest in Greenbelt		(3,053)
Balance, December 31, 2020		—

9. Assets held for sale

On February 12, 2020, the Company announced that its Board of Directors initiated a process to evaluate a range of strategic alternatives available to the Company (the "Strategic Review"). The Board of Directors appointed a special committee of independent directors to oversee the Strategic Review. As part of the Strategic Review, the Company committed to a plan to sell certain non-core assets primarily within the cultivation segment.

On August 26, 2020, the Company completed the sale of its United Greeneries' licensed cannabis cultivation and processing businesses (the "Duncan Transaction") located in Duncan, British Columbia to Costa LLP and 626875 B.C. Ltd. (together, the "Purchasers") for cash consideration of $8,200.

On October 15, 2020, the Company completed the completed the sale of its 50.1% majority interest in Greenbelt Greenhouse Ltd. for total cashconsideration of $3,050 (the "Greenbelt Transaction").

On February 16, 2021, the Company announced an agreement to sell all the issued and outstanding shares of its wholly-owned subsidiaries subsidiaries Satipharm Limited, Satipharm AG and Phytotech Therapeutics Ltd. to Cann Group Limited for total aggregate consideration of approximately $4,000 (note 20).

The summary of the Company's assets held for sale and liabilities associated with assets held for sale is as follows:

	December 31 2020	June 30 2020
	$	$
Cash	**59**	88
Accounts receivable	**99**	7
Inventories	**1,151**	1,058
Biological assets	—	811
Prepaid expenses and deposits	**258**	102
Property, plant and equipment	**560**	12,984
Intangible assets	**2,765**	—
Accounts payable and accrued liabilities	**(892)**	(432)
Loans and lease liabilities	—	(318)
	4,000	14,300

During the three and six months ended December 31, 2020, the Company recognized a $1,311 (2019 – $nil and $nil) impairment charge upon classifying these assets as held for sale based on the fair market value of the assets.

(Unaudited – Expressed in thousands of Canadian dollars, except share and per share amounts)

9. Assets held for sale (continued)

The summary of the Company's asset sales completed during the six months ended December 31, 2020 is as follows:

	United Greeneries	Greenbelt	Total
	$	$	$
Consideration received			
Cash	8,200	6,100	14,300
Less: non-controlling interest	—	(3,050)	(3,050)
	8,200	**3,050**	**11,250**
Net assets held for sale			
Cash	—	88	88
Accounts receivables	—	7	7
Prepaid expenses and deposits	93	9	102
Inventories	1,058	—	1,058
Biological assets	811	—	811
Property, plant and equipment	6,367	6,617	12,984
Accounts payable and accrued liabilities	—	(432)	(432)
Loans and lease liabilities	(129)	(189)	(318)
Net assets held for sale	8,200	6,100	14,300
Less: non-controlling interest	—	(3,050)	(3,050)
	8,200	**3,050**	**11,250**
Gain/loss on sale			
Cash received	8,200	3,050	11,250
Less: net assets sold	(8,200)	(3,050)	(11,250)
	—	—	—

10. Accounts payable and accrued liabilities

The summary of the Company's accounts payable and accrued liabilities is as follows:

	December 31 2020	June 30 2020
	$	$
Trade payables	**6,451**	10,745
Accrued liabilities	**1,457**	2,607
Payroll liabilities	**206**	342
Other payables	**574**	857
	8,688	14,551

Trade payables, accrued liabilities, payroll liabilities and other payables are non-interest bearing. All amounts are expected to be settled within 12 months.

(Unaudited – Expressed in thousands of Canadian dollars, except share and per share amounts)

11. Loans and lease liabilities

The summary of the Company's loans and borrowings is as follows:

	Notes	**December 31 2020**	June 30 2020
		$	$
Secured and unsecured loans	(a)	**1,881**	3,249
Secured loan from related party	(b)	**—**	2,139
Lease liabilities	(c)	**497**	585
Total loans and lease liabilities		**2,378**	5,973
Current portion		**(231)**	(3,893)
Non-current portion		**2,147**	2,080

a) *Secured and unsecured loans*

In connection with the Delivra acquisition on July 3, 2019 (note 7), the Company assumed eight unsecured loans from the Atlantic Canada Opportunities Agency ("ACOA") and one secured loan from Finance PEI. The loan with Finance PEI are secured by a registered General Security Agreement conveying an interest in all personal property of the Company's subsidiary, LivCorp Inc., and a limited guarantee by Delivra Inc. to a maximum of the principal amount of debt outstanding together with accrued interest.

The summary of the secured and unsecured loans at December 31, 2020 is as follows:

	Effective Interest Rate	Maturity	Face Value	Balance, July 1, 2020	Accretion	Repayments	**Total**
			$	$	$	$	**$**
Balance, July 1, 2020							—
Loans assumed on acquisition							
ACOA 201210	16%	(i)	2,860	1,054	91	—	**1,145**
ACOA 201246	16%	2019	17	—	—	—	**—**
ACOA 202454	16%	2022	85	56	4	—	**60**
ACOA 203110	16%	2024	197	127	10	—	**137**
ACOA 205145	16%	2020	37	17	1	—	**18**
ACOA 206091	16%	2022	76	51	4	—	**55**
ACOA 206924	16%	2025	117	71	6	—	**77**
ACOA 207593	16%	(i)	484	360	29	—	**389**
Finance PEI	9%	2020	47	13	—	(13)	**—**
Balance, December 31, 2020			3,920	1,749	145	(13)	**1,881**

(i) The annual instalments are calculated as 5% to 10% of forecasted revenues from pipeline products for the calendar year immediately preceding the due date of the respective payment, with an estimated commencement date of August 31, 2021.

(Unaudited – Expressed in thousands of Canadian dollars, except share and per share amounts)

11. Loans and lease liabilities (continued)

a) *Secured and unsecured loans*

The summary of the secured and unsecured loans at June 30, 2020 is as follows:

	Effective Interest Rate	Maturity	Face Value	Balance, July 3, 2019	Accretion	Repayments	**Total**
			$	$	$	$	**$**
Balance, July 1, 2019							—
Loans assumed on acquisition							
ACOA 201210	16%	(i)	2,860	1,064	(10)	—	**1,054**
ACOA 201246	16%	2019	17	3	2	(5)	—
ACOA 202454	16%	2022	85	62	9	(15)	**56**
ACOA 203110	16%	2024	197	134	20	(27)	**127**
ACOA 205145	16%	2020	37	27	3	(13)	**17**
ACOA 206091	16%	2022	76	55	8	(12)	**51**
ACOA 206924	16%	2025	117	71	11	(11)	**71**
ACOA 207593	16%	(i)	484	306	54	—	**360**
Finance PEI	9%	2020	47	35	1	(23)	**13**
Balance, June 30, 2020			3,920	1,757	98	(106)	**1,749**

The loans with ACOA are through the Atlantic Innovation Fund for the specified projects, in which repayable contributions are received by the Company to a maximum amount based on the lesser of: (i) a percentage of eligible costs, plus a percentage of working capital requirements for the project in certain instances, and (ii) a specified amount. The Company must meet certain conditions of assistance, which are specific to each agreement and project, including maintaining specified amounts of equity.

On June 25, 2020, the Company secured a $1,500 bridge financing facility ("Bridge Facility") from Costa Canna Production Limited Liability Partnership ("Costa LLP") to be repaid upon the closing of the sale of the Duncan Transaction (note 9). On August 26, 2020, the Company repaid the Bridge Facility in full upon the completion of the sale of the cultivation facilities located in Duncan and Mission Road.

b) *Secured loan from related party*

On January 10, 2020 (the "Issue Date"), the Company entered into a secured loan agreement with MMJ for a loan in the principal amount of $2,000 (the "Loan"). The Loan bore interest at a rate of 15% per annum and the principal and accrued interest is payable in arrears within 60 days of the Issue Date. On March 10, 2020, MMJ agreed to extend the maturity date of the Loan to June 12, 2020, subject to earlier repayment in certain circumstances. The Company issued common share purchase warrants in consideration for the extension. These warrants were issued on April 3, 2020 and is described further in note 14(b). On August 26, 2020, the Company repaid the Loan in full upon the completion of the sale of the Duncan Facility and Mission Road Facility.

(Unaudited – Expressed in thousands of Canadian dollars, except share and per share amounts)

11. Loans and lease liabilities (continued)

c) *Lease liabilities*

The continuity of the Company's lease liabilities is as follows:

Balance, June 30, 2018	$	240
Recognition of lease liabilities on initial application of IFRS 16		882
Adjusted balance, July 1, 2019		1,122
Additions on acquisition of Delivra		72
Interest expense on lease liabilities		135
Lease payments		(363)
Transfer to liabilities associated with assets held for sale		(318)
Termination of lease liability		(63)
Balance, June 30, 2020		585
Interest expense on lease liabilities		38
Lease payments		(126)
Balance, December 31, 2020		497
Current portion		(149)
Non-current portion		**348**

For the three and six months ended December 31, 2020, the Company recorded $4 and $26 rent expense relating to short term leases.

12. General and administration expenses

The summary of the Company's general and administration expenses is as follows:

	Three months ended December 31		**Six months ended December 31**	
	2020	2019	**2020**	2019
	$	$	**$**	$
Insurance	**91**	105	**242**	235
Investor relations	**40**	126	**64**	306
Office and general	**93**	134	**192**	385
Professional and consulting services	**778**	518	**1,365**	900
Regulatory	**17**	11	**21**	46
Rent	**1**	52	**4**	65
Salaries, bonus and benefits	**802**	1,522	**1,729**	3,369
Travel	**4**	154	**8**	350
	1,826	2,622	**3,625**	5,656

13. Share capital

a) *Authorized*

The Company has an unlimited number of authorized common shares with no par value.

b) *Issued capital*

At December 31, 2020, 215,079,486 common shares (June 30, 2020 – 215,079,486) were issued and fully paid.

(Unaudited – Expressed in thousands of Canadian dollars, except share and per share amounts)

14. Other reserves

The summary of the Company's other reserves is as follows:

	Share-based awards (a)	Warrants (b)	Other	Total
	$	$	$	$
Balance, June 30, 2019	7,710	9,517	815	18,042
Share-based compensation	2,022	—	—	2,022
Acquisition of Delivra (note 7)	920	335	—	1,255
Warrants issued	—	481	—	481
Balance, June 30, 2020	10,652	10,333	815	21,800
Share-based compensation	592	—	—	592
Balance, December 31, 2020	**11,244**	**10,333**	**815**	**22,392**

a) *Share-based awards*

(i) Stock options

The Company has established a share purchase option plan ("Plan") whereby the Company's Board of Directors may from time to time grant stock options to employees and non-employees. Options granted under the Plan will not have a term to exceed 5 years from the date of grant. The maximum number of shares that may be reserved for issuance under the Plan is 21,507,948. Vesting is determined by the Board of Directors.

The continuity of the Company's stock options is as follows:

	Number outstanding	Weighted average exercise price
	#	$
Outstanding at June 30, 2019	17,785,000	0.79
Granted	4,342,918	0.80
Expired	(3,712,683)	0.77
Forfeited	(7,831,922)	0.77
Outstanding at June 30, 2020	10,583,313	0.82
Granted	12,420,000	0.09
Expired	(5,056,497)	0.40
Forfeited	(504,577)	0.88
Outstanding at December 31, 2020	**17,442,239**	**0.42**

During the six months ended December 31, 2020, the Company granted a total of 12,420,000 stock options under the Company's stock option incentive plan to certain new directors, officers and employees of the Company. Each stock option entitles the holder to purchase one common share at an exercise price of $0.08 to $0.09 for a period of five years following the grant date.

(Unaudited – Expressed in thousands of Canadian dollars, except share and per share amounts)

14. Other reserves (continued)

a) *Share-based awards (continued)*

(i) Stock options (continued)

The weighted average fair value per option granted in the six months ended December 31, 2020 was $0.05 (2019 – $0.32). In determining the amount of share-based compensation, the Company used the Black-Scholes option pricing model to establish the fair value of stock options granted during the six months ended December 31, 2020 and 2019 by applying the following assumptions:

	December 31 2020	December 31 2019
Risk-free interest rate	**0.31% – 0.48%**	1.22% – 1.80%
Expected life of options (years)	**3.59**	0.6 – 4.3
Expected annualized volatility	**103.60% – 104.68%**	75.00% – 92.50%
Expected dividend yield	**Nil**	Nil

Volatility was estimated by using the historical prices of the Company's common shares. The expected life in years represents the period of time that the stock options granted are expected to be outstanding. The risk-free rate was based on the zero-coupon Canada government bonds with a remaining term equal to the expected life of the stock option.

The number of options outstanding and exercisable at December 31, 2020 is as follows:

Expiry date	Number of stock options outstanding	Exercise price	Number of stock options exercisable
	#	$	#
January 26, 2021[1]	223,125	1.26	223,125
October 3, 2021	92,969	1.26	92,969
December 19, 2021	434,350	1.26	434,350
April 27, 2022	2,050,000	0.75	2,050,000
January 24, 2023	877,625	0.76	877,625
May 28, 2023	625,000	0.84	468,750
September 18, 2023	700,000	0.91	466,667
October 12, 2023	297,500	0.61	297,500
April 22, 2024	1,711,667	0.85	748,339
June 17, 2024	300,000	0.68	100,000
July 31, 2024	360,000	0.56	169,999
September 4, 2024	50,000	0.52	20,833
July 14, 2025	8,220,003	0.09	3,590,010
December 7, 2025	1,500,000	0.08	500,000
	17,442,239		**10,040,167**

[1] Subsequent to December 31, 2020, these options expired unexercised

(Unaudited – Expressed in thousands of Canadian dollars, except share and per share amounts)

14. Other reserves (continued)

b) *Warrants*

The continuity of the Company's warrants is as follows:

	RTO Warrants	Brokers' RTO Warrants, Secondary Warrants	Debenture Warrants	Units Offering and Brokers' Units Offering Warrants	Dream Water Warrants	Delivra Warrants (i)	MMJ Warrants (ii)	Total number outstanding	Weighted average exercise price
								#	$
Outstanding at June 30, 2019	3,226,468	1,200,034	5,901,182	22,778,846	517,000	—	—	33,623,530	1.89
Issued	—	—	—	—	—	2,191,502	17,083,333	19,274,835	0.15
Expired	(3,226,468)	(600,032)	—	(22,778,846)	—	(2,191,502)	—	(28,796,848)	2.01
Outstanding at June 30, 2020	—	600,002	5,901,182	—	517,000	—	17,083,333	24,101,517	0.36
Expired	—	(500,000)	(5,901,182)	—	—	—	—	(6,401,182)	1.08
Outstanding a t December 31, 2020	**—**	**100,002**	**—**	**—**	**517,000**	**—**	**17,083,333**	**17,700,335**	**0.09**

(i) Delivra Warrants

In connection with the Delivra acquisition on July 3, 2019 (note 7), the Company issued 2,191,502 replacement warrants to holders of Delivra warrants with an exercise price of $0.59 – $0.84 per warrant and which expire nine months from the date of issue. Upon exercise of the Delivra Warrants, the Company will issue one common share. The fair value of the Delivra Warrants was estimated using the following assumptions:

Risk-free interest rate	1.79%
Expected life of warrants (years)	0.76
Expected annualized volatility	75.00%
Expected dividend yield	Nil

(ii) MMJ Warrants

On April 3, 2020, the Company issued 17,083,333 common share purchase warrants (the "MMJ Warrants") to MMJ as consideration for extending the maturity date of its loan in the amount of $2,000 from March 10, 2020 to June 8, 2020. Each Warrant will entitle the holder to purchase one common share in the capital of the Company (each a "Common Share") at a price of $0.06 at any time until the earlier of: (i) the date of the further extension or renewal of the Loan; and (ii) April 3, 2022. In connection with the issuance of the MMJ Warrants, the Company recognized $481 of financing fees in interest and finance costs. The fair value of the MMJ Warrants was estimated using the following assumptions:

Risk-free interest rate	0.55%
Expected life of warrants (years)	2.07
Expected annualized volatility	85.74%
Expected dividend yield	Nil

(Unaudited – Expressed in thousands of Canadian dollars, except share and per share amounts)

14. Other reserves (continued)

b) *Warrants (continued)*

The Company's outstanding warrants at December 31, 2020 is as follows:

	Issued	Exercised	Expired	Outstanding	Exercise price	Expiry date
	#	#	#	#	$	
Brokers' Secondary Warrants [(1)]	600,002	100,002	500,000	—	1.00	Jan 4, 2021
Brokers' Secondary Warrants	100,002	—	—	100,002	1.00	May 3, 2022
Debenture Warrants	9,493,882	3,592,700	5,901,182	—	1.09	Dec 14, 2020
Dream Water Warrants	517,000	—	—	517,000	1.00	May 29, 2021
MMJ Warrants	17,083,333	—	—	17,083,333	0.06	Apr 3, 2022
	27,794,219	**3,692,702**	**6,401,182**	**17,700,335**		

[(1)] Subsequent to December 31, 2020, these warrants expired unexercised

15. Related parties

The summary of the Company's related party transactions during the three and six months ended December 31, 2020 and 2019 is as follows:

a) *Compensation of key management personnel*

Key management personnel ("KMP") include persons having the authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The KMP of the Company are the members of the Company's executive management team and Board of Directors. Compensation provided to KMP is as follows:

	Three months ended December 31		**Six months ended December 31**	
	2020	2019	**2020**	2019
	$	$	**$**	$
Salaries and benefits	**243**	369	**473**	920
Severance costs	—	73	**150**	73
Directors' fees	**62**	33	**110**	66
Share-based compensation	**78**	416	**261**	847
Total	**383**	891	**994**	1,906

b) *Payments to related parties*

As at December 31, 2020, there was $98 directors' fees (June 30, 2020 – $117) and $45 bonus payments (June 30, 2020 – $643) included in accounts payable and accrued liabilities.

c) *Severance payments*

During the six months ended December 31, 2020, the Company paid $150 to the former Chief Operating Officer and General Counsel in accordance with the terms of a mutual separation agreement, which is included in severance and reorganization costs.

(Unaudited – Expressed in thousands of Canadian dollars, except share and per share amounts)

16. Supplemental cash flow information

Additional supplementary cash flow information for the six months ended December 31, 2020 and 2019 is as follows:

	December 31 2020	December 31 2019
	$	$
Additions to property, plant and equipment included in in accounts payable	—	5,099
Additions to right of use assets	—	954
Forgiveness of loan to associate	—	256
Common shares issued for acquisitions (note 7)	—	20,639
Options and warrants issued for acquisitions (note 7)	—	1,255
Interest paid	**228**	72

17. Commitments and contingencies

As at December 31, 2020, the Company’s commitments that have not been disclosed elsewhere in the consolidated financial statements is as follows:

	Less than 1 year	Total
	$	$
Capital commitments	594	594
	594	**594**

a) *Capital commitments*

Capital commitments include amounts committed for Gelpell® production equipment.

b) *Litigation*

During the year ended June 30, 2020, United Greeneries Operations Ltd. (“United Greeneries Operations”), a subsidiary of the Company, was named as the defendant in a civil claim (the “Claim”) filed in the Supreme Court of British Columbia in respect of the termination of the lease agreement for land and property in Aldergrove, British Columbia in August 2018. The plaintiff filed a summary trial motion in March 2020 in which it seeks an order for damages for breach of the lease agreement plus court costs and statutory pre-judgment interest. In June 2020, United Greeneries Operations filed a response in defense of the Claim and filed its own summary trial motion. On December 14, 2020, the defendant and plaintiff attended a summary judgement hearing in the BC Supreme Court, at which time the plaintiff advised of its intention to amend their pleadings and, as a result, the parties agreed to adjourn the then summary judgment hearing until such time as the plaintiff issued their amended pleadings and the hearing can be rescheduled. Management’s assessment, based on its interpretation of the agreement and independent legal advice, is that the plaintiff may be partly successful with the Claim up to $415,000, subject to a set-off claim by United Greeneries Operations against the plaintiff seeking the return of a $70,000 deposit paid in accordance with the terms of the lease and possession of certain security and electronic equipment held by the plaintiff, and it is possible that there will be a future cash outflow made by United Greeneries Operation.

(Unaudited – Expressed in thousands of Canadian dollars, except share and per share amounts)

18. Segmented information

The Company operates in two reportable segments: consumer (Dream Water and Delivra) and corporate, which is the way the Company reports information regarding segment performance, including net profit (loss), to its chief operating decision maker as at December 31, 2020.

The consumer segment includes the marketing, distribution, and product development of liquid sleep shots and sleep powder packets as well as pain relief creams throughout Canada and the US.

The segments for the three months ended December 31, 2020 and 2019 are as follows:

	Three months ended December 31, 2020			Three months ended December 31, 2019		
	Consumer	**Corporate**	**Total**	Consumer	Corporate	Total
	$	**$**	**$**	$	$	$
Net revenue	**1,936**	—	**1,936**	1,911	—	1,911
Gross profit	**1,003**	—	**1,003**	338	—	338
Expenses	**759**	**11,179**	**11,938**	9,644	2,851	12,495
Net loss from continuing operations	**179**	**(11,205)**	**(11,026)**	(9,376)	(2,942)	(12,318)

The segments for the six months ended December 31, 2020 and 2019 are as follows:

	Six months ended December 31, 2020			Six months ended December 31, 2019		
	Consumer	**Corporate**	**Total**	Consumer	Corporate	Total
	$	**$**	**$**	$	$	$
Net revenue	**3,758**	—	**3,758**	3,639	—	3,639
Gross profit	**1,448**	—	**1,448**	675	—	675
Expenses	**1,526**	**13,503**	**15,029**	11,319	6,031	17,350
Net loss from continuing operations	**(219)**	**(13,607)**	**(13,826)**	(10,805)	(6,247)	(17,052)

(Unaudited – Expressed in thousands of Canadian dollars, except share and per share amounts)

18. Segmented information (continued)

The Company generates net revenue from two geographical locations:

	Three months ended December 31		Six months ended December 31	
Net revenue	**2020**	2019	**2020**	2019
	$	$	**$**	$
Canada	**896**	633	**1,879**	1,338
US	**1,040**	1,278	**1,879**	2,301
Total	**1,936**	1,911	**3,758**	3,639

Net revenues in each geographical location relate to the sale of the following:

- Canada – Dream Water liquid sleep shots and sleep powder packets, and LivRelief™ pain relief creams
- US – Dream Water liquid sleep shots and sleep powder packets

The Company has the following non-current assets, other than financial instruments, in two geographic locations:

Non-current assets other than financial instruments	**December 31 2020**	June 30 2020
	$	$
Canada	**10,770**	24,514
Israel	**2,765**	4,513
Total	**13,535**	29,027

(Unaudited – Expressed in thousands of Canadian dollars, except share and per share amounts)

19. Discontinued operation

Following the Strategic Review announced in February 2020, management committed to a plan to sell certain components of its cultivation segment.

The cultivation segment was not previously classified as held for sale or as a discontinued operation. The comparative consolidated statement of loss and comprehensive loss has been restated to show the discontinued operation separately from continuing operations.

	Three months ended December 31		**Six months ended December 31**	
	2020	2019	**2020**	2019
	$	$	**$**	$
Net revenue	**225**	(143)	**968**	2,193
Cost of sales				
Production costs	**39**	584	**455**	1,206
Inventory expensed to cost of sales	**175**	173	**300**	1,402
Inventory write-down	**1,226**	—	**1,226**	—
Gross profit before fair value adjustments	**(1,215)**	(900)	**(1,013)**	(415)
Realized fair value amounts included in inventory sold	**38**	226	**603**	931
Unrealized change in fair value of biological assets	**—**	(854)	**—**	(2,002)
Gross loss	**(1,253)**	(272)	**(1,616)**	656
Expenses	**703**	3,520	**1,454**	5,121
Other (expense) income				
Loss on remeasurement of disposal group	**(1,311)**	—	**(1,311)**	—
Gain (loss) on disposal of assets	**88**	(103)	**135**	(113)
Interest and finance costs	**(87)**	54	**(7)**	38
Foreign exchange (loss) gain	**6**	3	**39**	6
Loss from discontinued operations	**(3,260)**	(3,838)	**(4,214)**	(4,534)

a) *Expenses*

Included within expenses for the three and six months ended December 31, 2020 are amortization of $197 and $441, respectively (2019 – $100 and $252). Included within expenses for the three and six months ended December 31, 2019 are impairment charges on long-lived assets of $1,966 and $1,966, respectively.

b) *Loss on remeasurement of disposal group*

During the three and six months ended December 31, 2020, the Company recognized a $1,311 loss in connection with the remeasurement of the disposal group. Specifically, the $1,311 loss was recognized from the write down of intangible assets.

(Unaudited – Expressed in thousands of Canadian dollars, except share and per share amounts)

19. Discontinued operation (continued)

The breakdown of cash flows from discontinued operations is as follows:

	Six months ended December 31	
	2020	2019
	$	$
Net cash (used in) provided by operating activities	**(11,318)**	2,242
Net cash provided (used in) by investing activities	**11,250**	(4,177)
Net cash used in financing activities	—	(36)
Effect of foreign exchange on cash	**(194)**	27
Change in cash during the period	**(262)**	(1,944)

20. Subsequent events

a) *Sale of Satipharm*

On February 16, 2021, the Company announced it has entered into a definitive sale agreement (the “Agreement”) to sell all of the issued and outstanding shares of its wholly-owned subsidiaries Satipharm Limited, Satipharm AG and Phytotech Therapeutics Ltd. to Cann Group Limited (the “Buyer”), a diversified medical cannabis company headquartered in Melbourne, Australia (the “Satipharm Transaction”). Pursuant to the terms of the Satipharm Transaction, the Buyer will issue ordinary shares of the Cann Group representing total aggregate consideration of approximately $4,000, subject to certain adjustments pursuant to the provisions of the Agreement.

Commensurate with the Satipharm Transaction, the Company and the Buyer agree that following the completion of the Satipharm Transaction, they intend to negotiate the terms for licensing and distribution rights to Satipharm-branded products in North America. The Company and the Buyer intend to engage in good faith discussions and use all commercially reasonable efforts to sign a definitive agreement in relation to the grant of such licensing and distribution rights within ninety (90) days following completion of the Satipharm Transaction.

b) *Equity Financing*

On February 25, 2021, the Company announced that it has entered into an agreement with Mackie Research Capital Corporation and ATB Capital Markets Inc., as the co-lead underwriters (together, the “Underwriters”), pursuant to which the Underwriters have agreed to purchase, on a bought-deal basis, 32,258,000 units of the Company (the “Units”) at a price of C$0.155 per Unit (the “Issue Price”) for gross proceeds to the Company of $5,000 (the “Offering”).

Each Unit will consist of one common share of the Company (a “Common Share”) and one Common Share purchase warrant (a “Warrant”). Each Warrant will entitle the holder thereof to purchase one Common Share at an exercise price of $0.195 (the “Exercise Price”) at any time up to 36 months following closing date.

The Company has granted the Underwriters an option (the “Over-Allotment Option”), exercisable in part or in whole at the Underwriters’ discretion, at any time until thirty (30) days following the Closing Date, to purchase up to the number of additional Units, and/or the components thereof, equal to 15% of the aggregate number of Units sold in the Offering to cover over-allotments, if any, and for market stabilization purposes.

The closing of the Offering is subject to certain conditions including, but not limited to, the Company receiving all necessary regulatory approvals, including the approval of the TSXV, and the securities regulatory authorities, and the satisfaction of other customary closing conditions.