Condensed Interim Financial Statements

Plant-Based Investment Corp. (formerly Cannabis Growth Opportunity Corporation)

For the Three and Six Months Ended April 30, 2021
(Stated in Canadian Dollars)

Unaudited

NOTICE TO READER

The accompanying unaudited condensed interim financial statements have been prepared by the Corporation's management and the Corporation's independent auditors have not performed a review of these condensed interim financial statements.

Plant-Based Investment Corp. (formerly Cannabis Growth Opportunity Corporation)

Condensed Interim Statements of Financial Position
Unaudited - See Notice to Reader
Stated in Canadian dollars

	April 30, 2021	October 31, 2020 (Audited)
Assets		
Cash and cash equivalents	$ 1,625,729	$ 179,685
Interest receivable	306,184	283,252
Investments (notes 3 and 11 (l), (m))	41,103,892	30,528,063
Income tax receivable	59,732	61,194
Intercompany receivables (note 4)	1,514,250	-
Prepaid subscription (note 6)	200,000	-
Prepaid expenses	204,456	65,371
Total assets	$ 45,014,243	$ 31,117,565
Liabilities		
Accounts payable and accrued liabilities (notes 11 (a), (d), (e), (g))	$ 199,278	$ 376,673
Subscription payable (note 6)	325,552	-
Total liabilities	524,830	376,673
Shareholders' equity		
Share capital (note 7)	33,683,934	33,753,433
Contributed surplus (note 8)	10,806,661	10,806,661
Retained deficit	(1,182)	(13,819,202)
Total shareholders' equity	44,489,413	30,740,892
Total liabilities and shareholders' equity	$ 45,014,243	$ 31,117,565

Commitments and contingencies (note 13)
Subsequent events

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

Approved on behalf of the Board

______________________, Director   __________________________, Director

Plant-Based Investment Corp. (formerly Cannabis Growth Opportunity Corporation)

Condensed Interim Statements of Income (Loss) and Comprehensive Income (Loss)
Unaudited - See Notice to Reader
Stated in Canadian dollars

	Three months ended		Six months ended	
	April 30, 2021	April 30, 2020	April 30, 2021	April 30, 2020
Income				
Net realized gain (loss) on disposal of investments	$ 4,639,449	$ (3,003,922)	$ 11,127,155	$ (5,549,068)
Net change in unrealized appreciation (depreciation) on investments (note 3)	(1,710,749)	(7,859,561)	4,416,791	(8,215,080)
Interest and other income	121,849	292,501	252,961	457,359
Total income (loss)	3,050,549	(10,570,982)	15,796,907	(13,306,789)
Expenses				
Operating, general, and administrative (notes 10 and 11)	670,873	425,751	1,537,360	771,814
Write-down of interest receivable	66,828	-	94,860	-
Total expenses	737,701	425,751	1,632,220	771,814
Net income (loss) before tax	2,312,848	(10,996,733)	14,164,687	(14,078,603)
Income tax expense (recovery) - current	-	-	-	(58,746)
Net income (loss) and comprehensive income (loss)	$ 2,312,848	$ (10,996,733)	$ 14,164,687	$ (14,019,857)
Net income (loss) per common share - basic (note 9)	$ 0.08	$ (0.49)	$ 0.53	$ (0.73)
Net income (loss) per common share - diluted (note 9)	$ 0.07	$ (0.49)	$ 0.49	$ (0.73)
Weighted average number of common shares outstanding - basic (note 9)	28,916,853	22,518,378	26,921,346	19,310,991
Weighted average number of common shares outstanding - diluted (note 9)	31,041,853	22,518,378	29,046,346	19,310,991

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

Plant-Based Investment Corp. (formerly Cannabis Growth Opportunity Corporation)

Condensed Interim Statements of Changes in Shareholders' Equity
Unaudited - See Notice to Reader
Stated in Canadian dollars

	Share capital					
	Number of shares	Amount	Warrants	Contributed surplus	Retained earnings (deficit)	Total shareholders' equity
Balance - November 1, 2019	16,079,184	$ 28,185,433	$ 7,892,480	$ 2,575,976	$ 775,270	$ 39,429,159
Net loss	-	-	-	-	(14,019,857)	(14,019,857)
Reclassification on expiry of warrants	-	-	(7,892,480)	7,892,480	-	-
Shares issued to acquire investments (note 7)	8,661,416	5,500,000	-	-	-	5,500,000
Balance - April 30, 2020	24,740,600	$ 33,685,433	$ -	$ 10,468,456	$ (13,244,587)	$ 30,909,302

	Share capital					
	Number of shares	Amount	Warrants	Contributed surplus	Retained deficit	Total shareholders' equity
Balance - November 1, 2020	25,012,600	$ 33,753,433	$ -	$ 10,806,661	$ (13,819,202)	$ 30,740,892
Net income	-	-	-	-	14,164,687	14,164,687
Shares issued in private placement (note 7)	5,614,900	1,965,215	-	-	-	1,965,215
Issuance costs (note 7)	-	(40,964)	-	-	-	(40,964)
Shares issued upon option exercise (note 7)	25,000	6,250	-	-	-	6,250
Shares cancelled pursuant to rescinded share exchange transaction (note 7)	(3,149,606)	(2,000,000)	-	-	(346,667)	(2,346,667)
Balance - April 30, 2021	27,502,894	$ 33,683,934	$ -	$ 10,806,661	$ (1,182)	$ 44,489,413

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

Plant-Based Investment Corp. (formerly Cannabis Growth Opportunity Corporation)

Condensed Interim Statements of Cash Flows
Unaudited - See Notice to Reader
Stated in Canadian dollars

	Six months ended April 30, 2021	Six months ended April 30, 2020
Cash flows from operating activities		
Net income (loss)	$ 14,164,687	$ (14,019,857)
Items not involving cash:		
Net change in unrealized depreciation (appreciation) on investments	(4,416,791)	8,215,080
Net realized loss (gain) on disposal of investments	(11,127,155)	5,549,068
Write-down of interest receivable	94,860	-
	(1,284,399)	(255,709)
Adjustments for:		
Interest receivable	(212,383)	(298,148)
Income tax payable/receivable	1,462	(105,711)
Intercompany receivables	(1,514,250)	-
Purchase of investments	(14,188,016)	(3,445,144)
Proceeds from disposal of investments	16,904,057	4,039,968
Prepaid subscription	(200,000)	(275,000)
Prepaid expenses	(139,085)	(139,818)
Accounts payable and accrued liabilities	(177,395)	59,602
Subscription payable	325,552	-
Net cash used in operating activities	(484,457)	(419,960)
Cash flows from financing activities		
Bank indebtedness	-	260,690
Share issued in private placement	1,965,215	-
Share issuance costs	(40,964)	-
Shares issued upon option exercise	6,250	-
Net cash from financing activities	1,930,501	260,690
Net increase (decrease) in cash and cash equivalents	1,446,044	(159,270)
Cash and cash equivalents - beginning of period	179,685	258,842
Cash and cash equivalents - end of period	$ 1,625,729	$ 99,572
Significant non-cash transactions		
Shares issued to acquire investments (note 7)	$ -	$ 5,500,000
Shares cancelled pursuant to rescinded share exchange transaction (note 7)	$ 2,346,667	$ -
Interest receivable converted into investments	$ 94,591	$ -

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

1. Nature of operations and formation of the Corporation

Plant-Based Investment Corp. (formerly Cannabis Growth Opportunity Corporation) (the "Corporation") is an investment corporation incorporated under the laws of Canada on October 29, 2017. The common shares of the Corporation are listed on the Canadian Securities Exchange under the symbol “PBIC”.

The Corporation’s investment objectives are to provide shareholders with long-term total returns through capital appreciation by investing in an actively managed portfolio of securities (the “Portfolio”) comprised of: (i) public companies for which the Corporation does not receive rights to elect one or more directors or otherwise becomes actively involved in (the “Passive Public Portfolio”); (ii) public companies for which the Corporation receives rights to elect one or more directors or otherwise becomes involved in (the “Active Public Portfolio” and together with the Passive Public Portfolio, the “Public Portfolio”); and (iii) private companies operating in, or that derive a significant portion of their revenue or earnings from products, services and technologies related to the cannabis plant family, its various compounds and other combinatory ingredients and products (the “Private Portfolio”).

CGOC Management Corp. (the “Manager”) will act as the manager and promoter of the Corporation and will provide specific management services to the Corporation pursuant to a management agreement. The Corporation will make investment decisions with respect to the Active Public Portfolio and the Private Portfolio. The Corporation and the Manager have engaged StoneCastle Investment Management Inc. (the “Investment Manager”) to act as the Corporation’s investment manager with respect to the Passive Public Portfolio.

The Corporation's head office is located at 240 Richmond St. W, Suite 4164, Toronto, Ontario, M5V 1V6.

In March 2020, the World Health Organization declared a global pandemic related to the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”. This has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures which include the implementation of travel bans, self-imposed quarantine periods, and social distancing have caused material disruption to businesses resulting in a global economic disruption. At the same time, global equity markets have experienced historic volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize domestic economic conditions. The duration and eventual impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions.

The Corporation's ability to operate has not been directly impacted by the COVID-19 pandemic or the closure of non-essential businesses, but many of the Corporation's investee companies could be negatively impacted by the COVID-19 pandemic.

The volatility in the equity markets may have a material impact on the Corporation's earnings and the fair value of the Corporation's public and private investment portfolio and will also impact the Corporation's investee companies’ earnings and ability to raise capital for their ongoing operations.

2. Basis of presentation and summary of significant accounting policies

a) Statement of compliance

The Corporation's unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). These condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Corporation for the year ended October 31, 2020, which have been prepared in accordance with IFRS. Accordingly, these condensed interim financial statements do not include all of the information and disclosures required under IFRS for the annual financial statements.

These condensed interim financial statements were approved by the Board of Directors on June 29, 2021.

b) Basis of measurement

The Corporation's financial statements have been prepared on the historical cost convention except for certain financial instruments, which have been measured at fair value.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Corporation will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

c) Investments in associates, joint ventures and subsidiaries

In accordance with IFRS 10, the Corporation uses the following criteria to evaluate and determine if it meets the definition of an "investment entity":

i) Obtains funds from one or more investors for the purpose of providing those investors with investment management services.

ii) Commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both.

iii) Measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Corporation has evaluated the criteria above and determined that it meets the definition of an investment entity. As a result, it measures investments in associates, joint ventures and subsidiaries at fair value through profit and loss.

2. Basis of presentation and summary of significant accounting policies (continued)

c) Investments in associates, joint ventures and subsidiaries (continued)

During the six months ended April 30, 2021, the Corporation incorporated wholly-owned subsidiaries PBIC Finance Corp. ("PBIC Finance"), 12750961 Canada Corp. ("127 Canada") and 2766563 Ontario Inc. ("276 Ontario") to facilitate the acquisition of certain investments. As at April 30, 2021, these subsidiaries have been measured at fair value through profit and loss and are classified as Level 3 inputs on the fair value hierarchy in note 3. For more information on these entities, see note 4.

The Corporation also incorporated PBIC USA Corp.("PBIC USA") during the six months ended April 30, 2021. As at, and during the six months ended April 30, 2021, PBIC USA was inactive.

As at April 30, 2021, the Corporation's investment in a joint venture disclosed in note 5 has been measured at fair value through profit and loss and is classified as a Level 3 input on the fair value hierarchy in note 3.

As at April 30, 2021, the Corporation has significant influence over its investments in Bhang Inc. ("Bhang") and Grown Rogue International Inc. ("Grown Rogue") as the Corporation controls more than 20% of the voting power of these investees. These investments have been measured at fair value through profit and loss and are classified as Level 1 and Level 2 inputs on the fair value hierarchy in note 3.

d) Reclassification

Certain amounts in the condensed interim statements of income (loss) and comprehensive income (loss) and condensed interim statement of cash flows for the six months ended April 30, 2020 have been reclassified to conform with current period presentation and provide more relevant and concise information. The Corporation reclassified the following items:

i) $59,824 of loss on warrants exercised has been reclassified as net realized gain (loss) on disposal of investments on the condensed interim statements of income (loss) and comprehensive income (loss) and condensed interim statement of cash flows for the six months ended April 30, 2020.

ii) $4,059 of other investment income has been reclassified as interest and other income on the condensed interim statements of income (loss) and comprehensive income (loss) for the six months ended April 30, 2020.

These reclassifications had no effect on the reported results of operations.

2. Basis of presentation and summary of significant accounting policies (continued)

e) Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from estimates calculated. Significant judgments are made when applying accounting policies to measure the fair value of investments.

Where the fair values of investments cannot be derived from active markets, management is required to make certain estimates and assumptions that are applied in valuation techniques to determine fair value. These include the most recently available financial statements of the investee, price for most recently completed financing, as well as closely comparable public companies and general market and economic conditions. The value which the Corporation could ultimately realize upon disposition of these investments may differ from their carrying value and such differences could be material.

Investments in options and warrants, which are not traded on a recognized securities exchange, do not have readily available market value. When there are sufficient and reliable observable market inputs, valuation models such as Black-Scholes valuation model, barrier option model and/or Monte Carlo simulations are used to determine fair value. The market inputs used in these models include risk-free interest rate, market price as of the reporting date, expected dividend yield, expected life of the instrument and expected volatility of the underlying security based on historical volatility.

Investments in convertible debentures, which are not traded on a recognized securities exchange, and convertible promissory notes are valued using a combination of discounted cash flow model and option pricing model for the conversion feature.

Investments in loans and promissory notes without a conversion feature are generally valued using discounted cash flows. The management considers whether there are any indications of deterioration in the investee's underlying business which suggest that the debt instrument will not be fully recovered.

Stated in Canadian Dollars

3. Fair value measurement

Fair value measurements are based on a three-level fair value hierarchy based on inputs used in determining the fair value of financial assets and liabilities. The hierarchy of inputs is summarized as follows:

- Level 1 - inputs used to value financial assets and liabilities are unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 - inputs used to value financial assets and liabilities are other than quoted prices included in Level 1 that are observable either directly or indirectly for the asset or liability.
- Level 3 - inputs used to value financial assets and liabilities are not based on observable market data.

Transaction costs are expensed as incurred for financial instruments classified as fair value through profit and loss. For other financial instruments, transaction costs are capitalized on initial recognition.

The following table includes the disaggregation of unrealized appreciation (depreciation) on investments recorded on the statement of comprehensive income for the period ended April 30:

Net change in unrealized appreciation (depreciation) on investments	**April 30, 2021**	**April 30, 2020**
Reversal of previously recorded unrealized depreciation on investments	$ 12,480,257	$ 2,759,016
Unrealized depreciation on investments held at period end	(7,888,510)	(11,409,176)
Unrealized foreign exchange gain (loss) on investments	(174,956)	435,080
	$ 4,416,791	$ (8,215,080)

Investments consisted of the following as at April 30, 2021:

Financial assets measured at fair value	**Cost**	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
Equities	$ 38,276,515	$ 29,604,446	$ -	$ 3,547,641	$ 33,152,087
Warrants	5,249,403	350,676	3,958,916	3,665	4,313,257
Convertible debentures	4,855,142	839,970	534,016	1,474,200	2,848,186
Loans	711,298	-	521,149	194,213	715,362
Subscription Receipts	75,000	-	75,000	-	75,000
	$ 49,167,358	$ 30,795,092	$ 5,089,081	$ 5,219,719	$ 41,103,892

Stated in Canadian Dollars

3. Fair value measurement (continued)

Investments consisted of the following as at October 31, 2020:

Financial assets measured at fair value	**Cost**	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
Equities	$ 32,425,963	$ 16,472,882	$ 2,416,666	$ 3,866,032	$ 22,755,580
Warrants	4,755,560	134,529	2,475,213	5,000	2,614,742
Convertible debentures	4,821,050	474,000	2,747,097	932,260	4,153,357
Loan	1,000,000	-	1,004,384	-	1,004,384
	$ 43,002,573	$ 17,081,411	$ 8,643,360	$ 4,803,292	$ 30,528,063

Subscription receipts

Subscription receipts represent investments in private companies that are in the process of completing a public transaction. Once the public transaction is complete, the subscription receipts entitles the Corporation to receive, without payment of additional consideration, one unit of the newly formed entity. If the public transaction is not completed, the subscription receipts become void, and the total subscription price is returned to the Corporation. Due to the short-term nature of the holding period of subscription receipts, the subscription price is approximated to be the fair market value. As at April 30, 2021, the Corporation holds $75,000 (October 31, 2020 - $Nil) in subscription receipts.

Changes in Level 3 investments

During the six months ended April 30, 2021, $174,189 of net change in unrealized depreciation on investments includes Level 3 investments held as at April 30, 2021.

Transfers out of Level 3 investments are due to changes in the observability of market data, such as a recent transaction, conversion of subscription receipts into underlying securities or due to a company going public.

The following table presents the changes in assets classified in Level 3 of the fair value hierarchy for the six months ended April 30, 2021.

	Private equities	**Convertible debentures**	**Warrants**	**Subscription Receipts**	**Loans**	**Total fair value**
Balance - November 1, 2020	$ 3,866,032	$ 932,260	$ 5,000	$ -	$ -	$ 4,803,292
Purchases	300,000	638,822	-	111,118	179,739	1,229,679
Unrealized gain (loss)	(90,446)	(96,882)	(1,335)	-	14,474	(174,189)
Transfers out of Level 3	(527,945)	-	-	(111,118)	-	(639,063)
Balance - April 30, 2021	$ 3,547,641	$ 1,474,200	$ 3,665	$ -	$ 194,213	$ 5,219,719

Stated in Canadian Dollars

3. Fair value measurement (continued)

The following table presents the changes in assets classified in Level 3 of the fair value hierarchy for the year ended October 31, 2020.

	Private equities	Convertible debentures	Warrants	Total fair value
Balance - November 1, 2019	$ 17,665,306	$ 4,947,272	$ 1,671,329	$ 24,283,907
Purchases	127,945	100,000	224,437	452,382
Realized losses	(23,559)	-	(34,742)	(58,301)
Unrealized loss	(14,121,219)	(1,342,250)	(1,798,957)	(17,262,426)
Transfers within Level 3	1,111,309	(1,111,309)	-	-
Transfers out of Level 3	(893,750)	(1,661,453)	(57,067)	(2,612,270)
Balance - October 31, 2020	$ 3,866,032	$ 932,260	$ 5,000	$ 4,803,292

Significant unobservable inputs

The key assumptions the Corporation used in the valuation of level 3 investments include and are not limited to the value of recently completed financings by the investee, entity-specific information, and publicly available information of comparable entities. The following table summarizes valuation techniques and significant unobservable inputs used for the Corporation's investments classified in Level 3 of the fair value hierarchy:

	Valuation technique	Fair value at April 30, 2021	Fair value at October 31, 2020	Key inputs
Equities	Recent financing based upon per share valuation in most recent financing round	$ 2,721,686	$ 3,019,719	N/A
	Revenue multiple	825,955	846,313	Revenue multiple
Convertible debentures	Recent financing	859,950	932,260	N/A
	Transaction price	614,250	-	N/A
Warrants	Option pricing model	3,665	5,000	Volatility
Loans	Discounted cash flow	147,709	-	Discount rate
	Conversion value	46,504	-	N/A
		$ 5,219,719	$ 4,803,292	

3. Fair value measurement (continued)

Recent financing was based on per share valuation in the most recent financing rounds from November 2019 to April 2021 to arm's length parties, and for October 31, 2020 fair values, recent financing was based on per share valuation in most recent or proposed financing rounds from November 2019 to October 2020. For these investments, recent financing represents the most reliable and readily available inputs available to estimate fair value.

Warrants valued through option pricing models used weighted average volatility of 101% (October 31, 2020 - 80% to 90%). As at April 30, 2021 and October 31, 2020, a +/- 15% absolute change in volatility will result in a change in value of the investments of approximately $Nil.

A revenue multiple range of of 0.322 to 2 (October 31, 2020 - 0.322 to 2) was used to value these equity investments. As at April 30, 2021 and October 31, 2020, a change of +0.5 or -0.5 to the revenue multiple would result in an increase or decrease in value of the investment of approximately +$926,000 or -$778,724.

For these Level 3 investments, the inputs used can be highly judgmental. As at April 30, 2021, 25% increase or decrease in the calculated fair value will result in a corresponding $1,305,000 (October 31, 2020 - $1,200,000) change to the total fair value of Level 3 investments.

A discount rate of 15% was used to value the loan investment. As at April 30, 2021, a +/- 5% absolute change in discount rate will result in a change in the value of the investments of approximately +$4,752 or -$4,411.

The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions. The overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonably possible alternative assumptions may differ significantly between investments, given their different terms and circumstances. The results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of these investments. Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Corporation’s view of expected future changes in the fair value of these investments.

4. Investment in subsidiaries

PBIC Finance Corp. ("PBIC Finance")

During the six months ended April 30, 2021, the Corporation incorporated PBIC Finance with a nominal amount of share capital and advanced $617,850 (USD $500,000) as an intercompany loan. The intercompany loan bears interest at a rate of 8% per annum and is due on demand. PBIC Finance used the loan proceeds to invest in another entity. As at April 30, 2021, the intercompany loan receivable was $614,250.

12750961 Canada Corp ("127 Canada")

During the six months ended April 30, 2021, the Corporation incorporated 127 Canada with a nominal amount of share capital and advanced $675,000 as an intercompany loan. The intercompany loan is non-interest bearing and due on demand. 127 Canada used the loan proceeds to make a convertible debt investment in another entity. As at April 30, 2021, the intercompany loan receivable was $675,000.

2766563 Ontario Inc ("276 Ontario")

During the six months ended April 30, 2021, the Corporation incorporated 276 Ontario with a nominal amount of share capital and advanced $225,000 as an intercompany loan. The intercompany loan is non-interest bearing and due on demand. 276 Ontario also received loans from external investors and used the aggregate loan proceeds for investment purposes (note 13 (b)). As at April 30, 2021, the intercompany loan was receivable was $225,000. 276 Ontario intends to convert the intercompany loan payable to the Corporation and loans payable to external investors into common shares of 276 Ontario, at which point the Corporation's ownership interest will be diluted to an agreed upon percentage that has not been determined.

See also note 13.

5. Investment in joint venture

On June 19, 2019, the Corporation entered into a joint venture agreement (the "agreement") with an investee company. Pursuant to the agreement, a new entity 2702099 Ontario Inc. ("Newco"), was incorporated to conduct research and develop a technology comprising an endogenous anti-addiction mechanism, based on a cannabinoid-like molecule for certain indications. The Corporation subscribed for 6,000,000 common shares of Newco in a series of tranches which upon completion of the final tranche represented 60% of the issued and outstanding common shares of Newco for a total aggregate investment of $1,440,890 (US $1,100,000). Under the agreement, the Board of Directors of Newco shall consist of two (2) nominees of the Corporation and two (2) nominees of the investee company.

The Corporation seeks to earn capital appreciation on this investment through either a third-party sale of its interest or a public listing. The Corporation recorded this investment at fair value through profit and loss and classified it as a Level 3 input on the fair value hierarchy in note 3.

Stated in Canadian Dollars

6. Prepaid subscription and subscription payable

During the six months ended April 30, 2021, the Corporation advanced $200,000 of proceeds for a private placement investment which had not been completed as of April 30, 2021. The Corporation has recorded this advance as a prepaid subscription on the condensed interim statement of financial position. Subsequent to the period ended April 30, 2021, the private placement was completed.

During the six months ended April 30, 2021, the Corporation entered into a purchase agreement to acquire an investment. Pursuant to the terms of the purchase agreement, the purchase price of the investment is payable in two separate payments. As at April 30, 2021, the second payment of $325,552 (USD $265,000) was still outstanding. The Corporation has recorded this obligation as a subscription payable on the condensed interim statement of financial position. Subsequent to the period ended April 30, 2021, the Corporation paid the second payment of the purchase price and satisfied its obligations of the purchase agreement.

7. Share capital

a) Authorized:

Unlimited common shares

b) Common shares issued and outstanding are as follows:

	Number		Amount
Issued and outstanding - November 1, 2019	16,079,184	$	28,185,433
Shares issued to acquire investments	8,661,416		5,500,000
Shares issued for settlement of accounts payable	272,000		68,000
Issued and outstanding - October 31, 2020	25,012,600	$	33,753,433
Shares issued in private placement	5,614,900	$	1,965,215
Issuance costs	-		(40,964)
Shares issued upon option exercise	25,000		6,250
Shares cancelled pursuant to rescinded share exchange transaction	(3,149,606)		(2,000,000)
Issued and outstanding - April 30, 2021	27,502,894	$	33,683,934

Shares issued to acquire investments

On June 26, 2019, the Corporation acquired an additional 11,000,000 common shares of Next Green Wave Holdings Inc. at a price of $0.25 per common share for an aggregate investment of $2,750,000. Consideration for the investment consisted of $1,500,000 paid in cash and issuance of 726,744 common shares of the Corporation at a price of $1.72 per share for an aggregate subscription of $1,250,000. The Corporation incurred $2,565 in issuance costs as a result of this transaction.

7. Share capital (continued)

On February 10, 2020, the Corporation and Grown Rogue entered into subscription agreements to exchange $1,500,000 worth of each other's common shares whereby Grown Rogue received a total of 2,362,204 common shares of the Corporation and the Corporation received a total of 15,000,000 common shares of Grown Rogue. In addition, the Corporation and Grown Rogue entered into a voting and resale agreement whereby each party will be required to vote these shares as recommended by the other party and will be restricted from trading such shares until August 5, 2021 without the prior written consent of the other party.

On February 10, 2020, the Corporation and Bhang entered into subscription agreements to exchange $2,000,000 worth of each other's common shares whereby Bhang received a total of 3,149,606 common shares of the Corporation and the Corporation received a total of 14,285,714 common shares of Bhang. In addition, the Corporation and Bhang entered into a voting and resale agreement whereby each party will be required to vote these shares as recommended by the other party and will be restricted from trading such shares until August 5, 2021 without the prior written consent of the other party.

On March 16, 2020, the Corporation and Core One Labs Inc. ("Core One") entered into subscription agreements to exchange $2,000,000 of each other's common shares whereby Core One received a total of 3,149,606 common shares of the Corporation and the Corporation received a total of 5,333,333 Core One Shares. In addition, the Corporation and Core One entered into a voting and resale agreement whereby each party will be required to vote these shares as recommended by the other party and will be restricted from trading such shares until September 17, 2021 without the prior written consent of the other party.

Shares issued for settlement of accounts payable

On May 11, 2020, the Corporation issued 272,000 common shares at a deemed price of $0.25 per share, in settlement of $68,000 directors' fees payable related to the year ended October 31, 2019.

Shares issued in private placement

On February 19, 2021, the Corporation completed a non-brokered private placement offering and issued an aggregate of 5,614,900 common shares at a price of $0.35 per share for aggregate gross proceeds of $1,965,215. In connection with the private placement, the Corporation incurred total issuance costs of $40,964, including a finder's fee of $28,875.

Shares issued upon option exercise

On March 24, 2021, the Company issued 25,000 common shares pursuant to an option exercise at an exercise price of $0.25 for total proceeds of $6,250.

Stated in Canadian Dollars

7. Share capital (continued)

Shares cancelled pursuant to rescinded share exchange transaction

On April 1, 2021, the Corporation and Core One entered into an agreement to rescind the share exchange transaction previously completed between the parties on March 16, 2020. On April 14, 2021, the Corporation cancelled 3,149,606 of its common shares that were previously issued to Core One and Core One cancelled the common shares that were previously issued to the Corporation in connection with the share exchange transaction. The Corporation recorded a $346,667 loss in retained earnings for this transaction which represents the difference between the $2,346,667 fair value of the Core One shares on the date of cancellation, measured based on the closing stock price, and the original $2,000,000 value of share exchange.

8. Contributed surplus

The following is a summary of changes in contributed surplus:

	Stock Options	Agent Compensation Options	Warrants	Total
Balance - November 1, 2019	$ 1,792,100	$ 783,876	$ -	$ 2,575,976
Granted	338,205	-	-	338,205
Reclassification on expiry of warrants	-	-	7,892,480	7,892,480
Balance - October 31, 2020 and April 30, 2021	$ 2,130,305	$ 783,876	$7,892,480	$10,806,661

Stock-based compensation

The Board of Directors has adopted a stock-based compensation plan for the Corporation (the "Plan"). Pursuant to the Plan, the Board of Directors may, from time to time at its discretion, allocate non-transferable options to purchase common shares to directors, officers, and consultants of the Corporation. Under the Plan, the aggregate number of common shares to be issued upon the exercise of options granted thereunder may not exceed 10% of the number of issued and outstanding common shares at the time of granting the options. Options shall expire no later than five years after the date of grant. The exercise price of options granted pursuant to the Plan shall be established based on the average closing price of the common shares for the five days prior to the date of grant or such other method of pricing as may be acceptable to the stock exchange on which the common shares are listed. The options shall vest and may be exercised as determined by a resolution of the Board of Directors.

Stated in Canadian Dollars

8. Contributed surplus (continued)

A summary of changes to stock options is as follows:

	Number	Weighted Average Exercise Price
Balance - November 1, 2019	1,500,000	$ 2.35
Granted - May 11, 2020	1,300,000	0.25
Forfeited	(475,000)	2.35
Cancelled	(850,000)	2.35
Granted - August 17, 2020	850,000	0.335
Balance - October 31, 2020	2,325,000	$ 0.44
Exercised	(25,000)	0.250
Balance - April 30, 2021	2,300,000	0.440

On March 24, 2021, the Company issued 25,000 common shares pursuant to an option exercise at an exercise price of $0.25 for total proceeds of $6,250.

During the year ended October 31, 2020, 475,000 stock options were forfeited as a result of former directors' and officer's resignations.

On May 11, 2020, the Corporation granted and issued an aggregate of 1,300,000 stock options to the Corporation's officers, directors and consultants. The stock options were granted in accordance with the Corporation's stock option plan and are exercisable for a period of four (4) years from the date of issuance at an exercise price of $0.25 per share. The stock options vested immediately upon issuance.

The fair value of the options was estimated to be $191,972 at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	0.26%
Expected life	4 years
Expected volatility	85%
Share price	$0.245

Stated in Canadian Dollars

8. Contributed surplus (continued)

Effective May 26, 2020 the Corporation cancelled 850,000 previously issued stock options to the Corporation's officers, directors and consultants with a January 30, 2023 maturity date and $2.35 exercise price. On August 17, 2020, the Corporation granted and issued an aggregate of 850,000 replacement stock options to the same officers, directors and consultants. The stock options were granted in accordance with the Corporation's stock option plan and are exercisable for a period of four (4) years from the date of issuance at an exercise price of $0.335 per share. The stock options vested immediately upon issuance.

The fair value of the replacement options was estimated to be $182,028 at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	0.29%
Expected life	4 years
Expected volatility	91%
Share price	$0.335

The Corporation recorded stock-based compensation expense of $146,233 for the replacement options which was determined as the $182,028 fair value of the newly issued stock options less the $35,795 fair value of the cancelled options on the effective date of the cancellation.

As at April 30, 2021, the following stock options were outstanding.

Outstanding	Exercisable	Year of grant	Exercise price	Expiry date
175,000	175,000	2018	$ 2.35	January 30, 2023
1,275,000	1,275,000	2020	$ 0.25	May 10, 2024
850,000	850,000	2020	$ 0.335	August 16, 2024
2,300,000	2,300,000			

Stated in Canadian Dollars

9. Net income (loss) per share

During the three and six months ended April 30, 2021, basic net income (loss) per share has been calculated using the weighted average number of shares outstanding of 28,916,853 (2020 - 22,518,378) and 26,921,346 (2020 - 19,310,991) respectively. During the three and six months ended April 30, 2021, weighted average diluted number of common shares outstanding totals 31,041,853 and 29,046,346 and includes 2,125,000 of unexercised dilutive stock options.

	Three months ended		Six months ended	
	April 30, 2021	**April 30, 2020**	**April 30, 2021**	**April 30, 2020**
Basic net income (loss) per share				
Net income (loss)	$ 2,312,848	$(10,996,733)	$ 14,164,687	$(14,019,857)
Weighted average basic number of common shares outstanding	28,916,853	22,518,378	26,921,346	19,310,991
Basic net income (loss) per share	$ 0.08	$ (0.49)	$ 0.53	$ (0.73)
Diluted net income (loss) per share				
Weighted average basic number of common shares outstanding	28,916,853	22,518,378	26,921,346	19,310,991
Effect of dilutive stock options	2,125,000	-	2,125,000	-
Weighted average diluted number of common shares outstanding	31,041,853	22,518,378	29,046,346	19,310,991
Diluted net income (loss) per share	$ 0.07	$ (0.49)	$ 0.49	$ (0.73)

10. Expenses by nature

Operating, general and administrative expenses includes the following:

	Three months ended		Six months ended	
	April 30, 2021	**April 30, 2020**	**April 30, 2021**	**April 30, 2020**
Directors' fees (note 11 (e))	15,000	12,500	20,000	31,250
Foreign exchange loss (gain)	4,372	-	16,315	(23)
Investment transaction costs	13,591	13,445	47,278	29,055
Listing and filing fees	23,293	25,331	28,560	35,624
Management fees (note 11 (a))	49,942	21,794	79,179	57,836
Marketing (note 11 (k))	39,648	56,854	119,424	134,860
Office and general	37,241	38,094	68,847	64,088
Payroll expenses	7,535	3,714	8,025	3,714
Professional fees (note 11 (d), (f), (g), (h), (j))	420,251	254,019	788,232	415,410
Severance payments (note 11 (k))	-	-	281,500	-
Salaries (note 11 (i))	60,000	-	80,000	-
	670,873	425,751	1,537,360	771,814

11. Related party transactions and balances

During the three and six months ended April 30, 2021, the Corporation reported the following related party transactions:

a) Management fees

The Corporation is required to pay the Manager an annual management fee (the “Management Fee”) fee of 1.0% of the market capitalization of the Corporation based on the daily volume-weighted average price of the common shares calculated. The Management Fee is accrued daily and paid by the Corporation to the Manager monthly in arrears. The Manager will pay the Investment Manager and the officers and directors of the Corporation provided by the Manager (other than the independent directors) out of the Management Fee.

During the three and six months ended April 30, 2021, the Corporation incurred management fees of $49,942 (2020 - $21,794) and $79,179 (2020 - $57,836). As at April 30, 2021, accounts payable and accrued liabilities included $15,260 (October 31, 2020 - $8,401) of management fees payable to the Manager.

b) Performance fee

As soon as practicable following the final Business Day of each calendar quarter (each such date, a “Performance Fee Payment Date” and each such period, a “Performance Fee Period”), the Corporation is required to pay the Manager a quarterly performance fee (the “Performance Fee”) in respect of the outstanding Common Shares equal to 20% of the amount by which the sum of (i) the “weighted average market price” of the Common Shares on the Canadian Securities Exchange (the "CSE) (or such other principal market on which the Common Shares are quoted for trading) during the 15 trading days preceding the end of the Performance Fee Period, plus (ii) distributions on such Common Shares during such period, exceeds 101.25% of the Threshold Amount (the “Hurdle Rate”).

The Threshold Amount will be the greater of (i) $2.60; and (ii) the weighted average market price of the Common Shares on the Performance Fee Payment Date in the last quarter for which a Performance Fee was paid.

For the period from the Closing Date to the end of the quarter, which includes the Closing Date, the Hurdle Rate will be reduced proportionately to reflect the number of days remaining in the quarter from the Closing Date to the end of that quarter. In the event that new Common Shares are issued, the Hurdle Rate application to the Performance Fee payable with respect to those Common Shares will be reduced proportionately to reflect the number of days remaining in that quarter and the Threshold Amount in respect of such Common Shares for that quarter will be the greater of (i) the issue price of the Common Shares; and (ii) the then current Threshold Amount.

During the three and six months ended April 30, 2021 and 2020, the Hurdle rate was not reached; therefore, the Corporation did not incur performance fees.

11. Related party transactions and balances (continued)

c) Operating expenses

The Corporation will reimburse the Manager for all reasonable and necessary actual out-of-pocket costs and expenses paid by the Manager in connection with the performance of the services described in the Management Agreement, as well as certain specified expenses ancillary to the operations of the Manager, including travel on behalf of the Corporation and office space and services. During the three and six months ended April 30, 2021, the Corporation reimbursed the Manager operating expenses of $Nil (2020 - $Nil).

d) During the three and six months ended April 30, 2021, the Corporation incurred accounting and regulatory compliance fees of $46,839 (2020 - $48,816) and $111,475 (2020 - $104,186) from an accounting firm in which the Corporation's CFO is a Partner. As at April 30, 2021, accounts payable and accrued liabilities included $27,120 (October 31, 2020 - $57,065) of fees payable to the accounting firm.

e) During the three and six months ended April 30, 2021, the Corporation incurred directors' fees of $15,000 (2020 - $12,500) and $20,000 (2020 - $31,250) for the independent directors on the Corporation's Board of Directors. As at April 30, 2021, accounts payable and accrued liabilities included $Nil (October 31, 2020 - $62,500) of directors' fees.

f) During the three and six months ended April 30, 2021, the Corporation incurred consulting fees of $Nil (2020 - $Nil) and $42,375 (2020 - $Nil) from a company controlled by one of its independent directors.

g) During the three and six months ended April 30, 2021, the Corporation incurred consulting fees of $Nil (2020 - $Nil) and $18,833 (2020 - $Nil) for management services from a company controlled by its former COO. As at April 30, 2021, accounts payable and accrued liabilities included $Nil (October 31, 2020 - $18,833) of consulting fees payable to the former COO's company.

h) During the three and six months ended April 30, 2021, the Corporation incurred consulting fees of $Nil (2020 - $Nil) and $28,250 (2020 - $Nil) from a company controlled by the Chief Strategy Officer and director.

i) During the three and six months ended April 30, 2021, the Corporation incurred salaries expense of $60,000 (2020 - $Nil) and $80,000 (2020 - $Nil) for the Chief Strategy Officer.

j) During the three and six months ended April 30, 2021, the Corporation incurred consulting fees of of $101,437 (2020 - $Nil) and $101,437 (2020 - $Nil) for management services provided by the CEO.

11. Related party transactions and balances (continued)

k) During the three and six months ended April 30, 2021, the Corporation made aggregate severance payments of $Nil and $281,500 and expense reimbursements of $Nil and $75,000 to former directors and officers and the Corporation's current Chief Strategy Officer.

l) As at April 30, 2021, the Corporation had investments in entities whose CEO is also the Corporation's Chief Strategy Officer and a director. The value of these investments is approximately $587,500 (October 31, 2020 - $590,000).

m) As at April 30, 2021, the Corporation had investments in entities whose CEO is also the Corporation's CEO and a director. The value of these investments is approximately $20,000 (October 31, 2020 - $Nil).

m) Additional related party transaction are disclosed in notes 4 and 5.

During the three and six months ended April 30, 2021 and 2020, all related party transactions were in the normal course of operations and all services provided by related parties were made on terms equivalent to those which prevail with arm's length transactions.

12. Financial risk management

The primary business activities of the Corporation result in financial statements that are primarily comprised of financial instruments. As such, the Corporation is exposed to certain risks related to financial instruments:

a) Credit Risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Corporation is exposed to credit risk on its cash. The credit risk in cash is managed through the use of major financial institutions which have high credit qualities as determined by rating agencies. The Corporation is exposed to credit risk from its investments in convertible debentures and promissory notes of various entities in normal course of business and the related interest receivable on the principal. The credit risk on these investments is managed by investing in credit-worthy companies and establishing monitoring processes. The credit risk on interest receivable is partially mitigated through the ability to convert into underlying equity instruments of the investee.

b) Liquidity risk

Liquidity risk refers to the risk that the Corporation will have insufficient cash resources to meet its financial obligations when they become due. The Corporation manages liquidity risk by reviewing resources to ensure that it will have sufficient liquidity to meet liabilities as they become due and to support business strategies.

12. Financial risk management (continued)

b) Liquidity risk (continued)

As at April 30, 2021, the Corporation's contractual cash flows, which were payable under financial liabilities in these financial statements consisted of accounts payable and accrued liabilities and subscription payable with payments due in less than one year. The Corporation has sufficient liquid assets to satisfy its liabilities.

The Corporation generates cash flow from the disposal of investments, financing activities, and dividend and interest income. The Corporation primarily invests in equity and debt instruments of publicly traded cannabis companies. Disposal of investments in non-publicly traded companies could differ from the carrying value since an active-market does not exist.

c) Market risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, equity market fluctuations, foreign currency exchange rates and other relevant market rate or price changes. Market risk is directly influenced by the volatility and liquidity in the markets in which the related underlying assets are traded. The market risks to which the Corporation is exposed are equity price risk and interest rate risk.

i) Equity price risk

The Corporation is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Corporation's earnings due to movements in individual equity prices or general movements in the level of the stock market or the cannabis sub-market. The Corporation's investments are subject to fluctuations in fair value arising from changes in the equity market. As at April 30, 2021, should the equity prices of the Corporation's holdings increase or decrease by 5%, the impact on net income or loss would be approximately $1,480,222 (October 31, 2020 - $823,644).

ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Corporation's exposure to interest rate risk relates to its ability to earn interest income on cash and cash equivalents and fixed income securities held. The fair value of the Corporation's cash and cash equivalents and investments affected by changes of interest rates is minimal.

12. Financial risk management (continued)

d) Currency risk

Currency risk is the risk that the fair value of future cash flows from the Corporation's operations will fluctuate due to changes in foreign exchange rates. The Corporation holds investments denominated in United States dollars, ("U.S. dollar"). A change in the U.S. dollar foreign exchange rate versus the Corporation's functional and presentation currency may have an adverse effect on the Corporation's investments. As at April 30, 2021, should the U.S. dollar foreign exchange rate increase or decrease by 1%, the impact on net income or loss would be approximately $29,902 (October 31, 2020 - $20,989).

	April 30, 2021	October 31, 2020
Investments denominated in U.S dollars	$ 2,990,164	$ 2,098,887

13. Commitments and Contingencies

a) During the six months ended April 30, 2021, the Corporation's subsidiary 127 Canada made a secured convertible debt investment in another entity ("Investee A"). On February 16, 2021, the Corporation and Investee A entered into a forbearance agreement with a creditor of Investee A ("Creditor A") and the Corporation guaranteed an aggregate of $1,140,812 of the obligations owed by Investee A to Creditor A. The Corporation intends to fund the guarantee through 127 Canada and as of April 30, 2021, $175,000 was paid against the guaranteed obligations by way of a secured convertible debenture issued by Investee A to 127 Canada.

b) During the six months ended April 30, 2021, the Corporation and its subsidiary 276 Ontario entered into a debt assignment agreement (the "agreement") to acquire a secured demand promissory note (the "note") of an entity ("Investee B") from Investee B's creditor ("Creditor B"). The note has a principal value of $11,129,172 and is due on demand. 276 Ontario acquired the note for an aggregate amount of $1,000,000, payable in three tranches, and the Corporation guaranteed the obligations owed by 276 Ontario to Creditor B under the agreement. As of April 30, 2021, 276 Ontario had paid $375,000 to Creditor B and the remaining balance of $625,000 was outstanding.