



**MYM NUTRACEUTICALS INC.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE AND NINE MONTHS ENDED FEBRUARY 28, 2021  
AND FEBRUARY 29, 2020**

**(UNAUDITED)**

**(Expressed in Canadian Dollars)**

**MYM NUTRACEUTICALS INC.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian dollars) - Unaudited

	Note	February 28, 2021	May 31, 2020
		\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		822,057	732,342
Accounts receivable	5	1,723,398	68,975
Deposits, prepaid expenses, and other	6	922,308	403,213
Notes receivable	9	2,478,302	-
Biological assets	7	355,400	12,499
Inventory	8	5,193,379	6,226
<b>Total current assets</b>		<b>11,494,844</b>	<b>1,223,255</b>
Assets held for sale	10	275,000	294,386
Intangible assets	11	210,680	210,680
Property, plant, and equipment	12	6,910,933	4,737,500
Goodwill	4, 11	5,570,650	-
<b>TOTAL ASSETS</b>		<b>24,462,107</b>	<b>6,465,821</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	13	3,702,726	617,964
Due to related parties	20	77,581	58,068
Loans payable	15	4,287,818	-
Lease liability	14	201,502	168,525
<b>Total current liabilities</b>		<b>8,269,627</b>	<b>844,557</b>
Lease liability	14	67,971	192,406
Loans payable	15	159,990	-
Deferred income	15	60,010	-
<b>Total liabilities</b>		<b>8,557,598</b>	<b>1,036,963</b>
<b>EQUITY</b>			
Share capital	16	35,569,499	31,423,072
Shares to be issued	4	6,833,595	-
Reserves	16	22,467,821	21,099,401
Deficit		(48,966,406)	(45,714,899)
<b>Equity attributable to shareholders of the Company</b>		<b>15,904,509</b>	<b>6,807,574</b>
Non-controlling interest	21	-	(1,378,716)
<b>Total equity</b>		<b>15,904,509</b>	<b>5,428,858</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>24,462,107</b>	<b>6,465,821</b>

Nature of operations and going concern (Note 1)

Events after the reporting period (Note 23)

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on April 27, 2021. They are signed on the Company's behalf by:

*"Howard Steinberg"*

Director

*"Michael Wiener"*

Director

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

**MYM NUTRACEUTICALS INC.**
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian dollars, except share numbers) - Unaudited

	Note	Three months ended		Nine months ended	
		February 28, 2021	February 29, 2020	February 28, 2021	February 29, 2020
		\$	\$	\$	\$
Revenue		4,424,904	-	9,865,178	-
Excise tax		(671,128)	-	(1,413,106)	-
<b>Net Revenue</b>		<b>3,753,776</b>	<b>-</b>	<b>8,452,072</b>	<b>-</b>
Cost of sales		2,317,771	-	4,752,503	-
<b>Gross profit before fair value changes</b>		<b>1,436,005</b>	<b>-</b>	<b>3,699,569</b>	<b>-</b>
Changes in fair value of inventory sold		50,493	-	19,981	-
Unrealized gain on fair value of biological assets		(445,968)	-	(480,841)	-
Fair value of inventory written off		268,422	-	268,422	-
<b>Gross profit</b>		<b>1,563,058</b>	<b>-</b>	<b>3,892,007</b>	<b>-</b>
<b>Expenses</b>					
Advertising and communications		2,201	4,658	29,518	1,482,700
Depreciation	12	147,683	112,700	401,499	373,698
General and administration	17	862,382	1,282,242	2,292,255	4,917,555
Professional fees		108,510	129,487	307,760	491,306
Stock-based compensation	16, 20	91,684	281,163	910,564	1,565,435
		1,212,460	1,810,250	3,941,596	8,830,694
<b>Other (income) expense</b>					
Interest revenue	9	(113,132)	(11,352)	(281,119)	(30,316)
Accretion income	9	(12,209)	-	(28,001)	-
Other income	15	(15,461)	-	(15,461)	-
Interest expense	14, 15	222,939	11,897	450,426	194,910
Accretion expense		158,194	-	313,379	439,184
Write-down of intangible assets		-	(368,333)	-	382,030
Write-down of property, plant, and equipment	10	299,752	-	387,454	6,688,814
Foreign exchange loss		1,362	-	1,362	-
<b>Net loss from continuing operations</b>		<b>(190,847)</b>	<b>(1,442,462)</b>	<b>(877,629)</b>	<b>(16,505,316)</b>
Net income (loss) from discontinued operations		-	(28,271)	48,800	(266,208)
<b>Net loss and comprehensive loss</b>		<b>(190,847)</b>	<b>(1,470,733)</b>	<b>(828,829)</b>	<b>(16,771,524)</b>
<b>Net loss from continuing operations attributable to:</b>					
Shareholders of the Company		(190,847)	(1,369,342)	(853,855)	(15,821,135)
Non-controlling interest		-	(73,120)	(23,774)	(684,181)
		(190,847)	(1,442,462)	(877,629)	(16,505,316)
<b>Net loss attributable to:</b>					
Shareholders of the Company		(190,847)	(1,397,613)	(805,055)	(16,087,343)
Non-controlling interest		-	(73,120)	(23,774)	(684,181)
		(190,847)	(1,470,733)	(828,829)	(16,771,524)
<b>Net loss from continuing operations per share:</b>					
Basic		(0.00)	(0.01)	(0.00)	(0.11)
Diluted		(0.00)	(0.01)	(0.00)	(0.11)
<b>Net loss per share</b>					
Basic		(0.00)	(0.01)	(0.00)	(0.11)
Diluted		(0.00)	(0.01)	(0.00)	(0.11)
<b>Weighted average number of shares outstanding</b>					
Basic		246,645,581	155,842,526	222,783,977	148,524,234
Diluted		246,645,581	155,842,526	222,783,977	148,524,234

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

**MYM NUTRACEUTICALS INC.**
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Expressed in Canadian dollars) - Unaudited

	Note	Nine months ended February 28, 2021 \$	Nine months ended February 29, 2020 \$
<b>Operating Activities</b>			
Loss from continuing operations		(877,629)	(16,505,316)
Adjustments to non-cash items			
Depreciation	12	401,499	373,698
Bad debt expense	9	17,951	782,225
Stock-based compensation	16, 20	910,564	1,565,435
Interest on leases	14	28,530	37,066
Accretion expense	15	311,225	439,184
Accretion income	9	(28,001)	-
Other income	15	(15,461)	-
Interest on loan payable	15	423,984	-
Interest on note receivable	9	(280,897)	(18,016)
Salaries and contractors	17, 20	-	437,917
Consultants		-	45,000
Foreign exchange loss		-	4,899
Write-down of intangibles		-	382,030
Write-down of property, plant, and equipment	10	387,454	6,688,814
Net change in non-cash working capital items:			
Accounts receivable		(335,710)	269,752
Deposits, prepaid expenses, and other		58,660	533,587
Biological assets		(269,790)	-
Inventory		(3,935,529)	-
Accounts payable and accrued liabilities		1,449,851	(519,417)
Due to related parties		19,513	(35,155)
<b>Cash used in operating activities of continuing operations</b>		<b>(1,733,786)</b>	<b>(5,518,297)</b>
<b>Cash provided by (used in) discontinued operations</b>		<b>48,800</b>	<b>(266,208)</b>
<b>Financing Activities</b>			
Proceeds from private placements	16	150,000	5,305,324
Proceeds from loans	15	5,020,000	2,600,000
Repayment of loans	15	(388,106)	(2,600,000)
Proceeds from exercise of options	16	45,000	230,000
Proceeds from exercise of warrants	16	350,907	-
Loan issue costs	15	(564,603)	(304,741)
Share issue costs	16	(18,193)	(128,907)
Interest paid	15	(217,996)	-
Payment of lease liability	14	(168,023)	(136,055)
<b>Cash provided by financing activities</b>		<b>4,208,986</b>	<b>4,965,621</b>
<b>Investing Activities</b>			
Acquisition of Highland, net	4	(1,431,331)	-
Recovery of advance on acquisition		-	2,250,000
Advance of notes receivable	9	(920,000)	-
Acquisition of property, plant, and equipment	12	(90,666)	(15,408)
Acquisition of non-controlling interest	10, 16	(389,074)	-
Advance on acquisitions	16	-	(2,500,000)
Interest received on notes receivable	9	233,110	21,500
Payments received on notes receivable	9	163,676	-
<b>Cash used in investing activities</b>		<b>(2,434,285)</b>	<b>(243,908)</b>
Decrease in cash and cash equivalents		89,715	(1,062,792)
Cash and cash equivalents, beginning of period		732,342	2,326,886
<b>Cash and cash equivalents, end of period</b>		<b>822,057</b>	<b>1,264,094</b>

Supplemental cash flow information (Note 18)

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

**MYM NUTRACEUTICALS INC.**
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY**

(Expressed in Canadian dollars, except share numbers) - Unaudited

	Note	Number	Share capital	Shares to be issued	Reserve for warrants	Reserve for options	Deficit	Non-controlling interest	Total equity
		#	\$	\$	\$	\$	\$	\$	\$
<b>Balance, May 31, 2019</b>		<b>130,707,257</b>	<b>28,968,934</b>	-	<b>10,381,035</b>	<b>5,092,208</b>	<b>(27,644,272)</b>	<b>(596,962)</b>	<b>16,200,943</b>
Adoption of IFRS 16		-	-	-	-	-	(63,690)	-	(63,690)
<b>Balance, June 1, 2019</b>		<b>130,707,257</b>	<b>28,968,934</b>	-	<b>10,381,035</b>	<b>5,092,208</b>	<b>(27,707,962)</b>	<b>(596,962)</b>	<b>16,137,253</b>
Shares issued on private placement	16	34,164,269	1,951,084	-	3,354,240	-	-	-	5,305,324
Shares issued for exercise of options	16	1,000,000	230,000	-	-	-	-	-	230,000
Shares issued for wages and contractor services	16	1,195,245	104,584	-	-	-	-	-	104,584
Shares issued for business acquisition (subsequently cancelled)	16	6,000,000	2,500,000	(2,500,000)	-	-	-	-	-
Shares cancelled and returned to treasury	16	(6,000,000)	(2,500,000)	2,500,000	-	-	-	-	-
Shares issued for Sublime licence	16	452,000	40,680	-	-	-	-	-	40,680
Shares issued to consultants	16	500,000	45,000	-	-	-	-	-	45,000
Share issuance costs	16	-	(128,907)	-	-	-	-	-	(128,907)
Fair value of options exercised	16	-	88,256	-	-	(88,256)	-	-	-
Warrants issued for debt	16	-	-	-	134,443	-	-	-	134,443
Stock-based compensation	16	-	-	-	-	1,565,435	-	-	1,565,435
Net loss for the period		-	-	-	-	-	(16,087,343)	(684,181)	(16,771,524)
<b>Balance, February 29, 2020</b>		<b>168,018,771</b>	<b>31,299,631</b>	-	<b>13,869,718</b>	<b>6,569,387</b>	<b>(43,795,305)</b>	<b>(1,281,143)</b>	<b>6,662,288</b>
Shares issued on private placement	16	4,166,666	56,313	-	193,687	-	-	-	250,000
Shares issued for wages and contractor services	16	1,294,466	89,002	-	-	-	-	-	89,002
Share issuance costs	16	-	(21,874)	-	-	-	-	-	(21,874)
Stock-based compensation	16	-	-	-	-	466,609	-	-	466,609
Net loss for the period		-	-	-	-	-	(1,919,594)	(97,573)	(2,017,167)
<b>Balance, May 31, 2020</b>		<b>173,479,903</b>	<b>31,423,072</b>	-	<b>14,063,405</b>	<b>7,035,996</b>	<b>(45,714,899)</b>	<b>(1,378,716)</b>	<b>5,428,858</b>
Shares issued on private placement	16	2,678,571	91,895	-	58,105	-	-	-	150,000
Shares issued on exercise of stock options	16	900,000	77,779	-	-	(32,779)	-	-	45,000
Shares issued on exercise off warrants	16	3,641,884	490,395	-	(139,488)	-	-	-	350,907
Shares issued for wages and contractors	16	2,638,636	176,128	-	-	-	-	-	176,128
Shares issued for business acquisition	4,16	42,813,985	1,848,454	-	-	-	-	-	1,848,454
Fair value of Subsidiary Exchangeable Shares issued on business acquisition	4,16	-	-	7,953,062	-	-	-	-	7,953,062
Shares issued on conversion of Subsidiary Exchangeable Shares	16	18,657,786	1,119,467	(1,119,467)	-	-	-	-	-
Share issuance costs	16	-	(18,193)	-	-	-	-	-	(18,193)
Warrants issued for loan facility	15	-	-	-	572,018	-	-	-	572,018
NCI buyout	10,16	5,150,000	360,502	-	-	-	(2,446,452)	1,402,490	(683,460)
Stock-based compensation	16	-	-	-	-	910,564	-	-	910,564
Net loss for the period		-	-	-	-	-	(805,055)	(23,774)	(828,829)
<b>Balance, February 28, 2021</b>		<b>249,960,765</b>	<b>35,569,499</b>	<b>6,833,595</b>	<b>14,554,040</b>	<b>7,913,781</b>	<b>(48,966,406)</b>	<b>-</b>	<b>15,904,509</b>

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

**MYM NUTRACEUTICALS INC.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

February 28, 2021 and February 29, 2020

(Expressed in Canadian dollars, unless otherwise noted) - Unaudited

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

MYM Nutraceuticals Inc. ("MYM" or the "Company") was incorporated pursuant to the Business Corporations Act of British Columbia ("BCABC") on July 11, 2014, under incorporation number BC1002050. MYM was a wholly owned subsidiary of Salient Corporate Services Inc. and was created for the purpose of giving effect to an Arrangement Agreement among MYM, Salient Corporate Services Inc. ("Salient"), and Adera Minerals Corp. ("Adera"). Adera was incorporated on February 18, 2011 under the Business Corporations Act of British Columbia. During the year ended May 31, 2017, Adera Minerals Corp. was renamed to Joshua Tree Brands Inc. The Company is listed on the Canadian Stock Exchange (the "CSE") under the symbol MYM.

The Company's head office is located at Suite 1500, 409 West Pender Street, Vancouver, British Columbia V6C 1T2. The Company's registered and records office is DuMoulin Black LLP, 10<sup>th</sup> Floor, 595 Howe Street, Vancouver, B.C. V6C 2T5. The Company's website is [www.mym.ca](http://www.mym.ca). The content of the Company's website is not incorporated by reference.

**Going concern**

During the nine months ended February 28, 2021, the Company incurred a net loss from continuing operations of \$877,629 (nine months ended February 29, 2020 – \$16,505,316). As at February 28, 2021, the Company has an accumulated deficit of \$48,966,406 (May 31, 2020 – \$45,714,899) and a working capital surplus of \$2,302,909 (May 31, 2020 working capital deficiency of – \$24,515). The working capital calculation excludes deposits and prepaid expenses. The Company's operations have been mainly funded with debt and equity financing, which is dependent upon many external factors and may be difficult to raise when required. With the acquisition of Highland Grow Inc., the Company is now able to generate cash from operating activities. However, the Company may not always have sufficient cash to pay its current liabilities and fund ongoing operations and therefore may require additional funding, which if not raised, may result in the delay, postponement, or curtailment of some of its activities. Management continues to evaluate the need for additional financing. Nonetheless, there is no assurance that the Company will be able to raise sufficient funds in the future to complete its planned activities. All of which indicate the existence of a material uncertainty that may cast substantial doubt on whether the Company would continue as a going concern and realize its assets and settle its liabilities and commitments in the normal course of business.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. It adversely affected global workforces, economies, and financial markets, triggering an economic downturn. The Company cannot predict the future duration or magnitude of the adverse results of the outbreak nor its effects on the Company's business or operations.

Licensed cannabis production continued to be allowed in Nova Scotia and Quebec during COVID-19; as a result, the Company is authorized to continue its operations during the pandemic. The Company has taken appropriate precautionary measures in observance of public health directives and recommendations, including without limitation the implementation of additional health and safety protocols.

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the realization of assets and discharge of liabilities in the normal course of business. These condensed interim consolidated financial statements do not give effect to any adjustments that would be necessary should the Company not be able to continue as a going concern. Such adjustments could be material.

**MYM NUTRACEUTICALS INC.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

February 28, 2021 and February 29, 2020

(Expressed in Canadian dollars, unless otherwise noted) - Unaudited

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**2. BASIS OF PRESENTATION**

## a) Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). As such, these interim financial statements do not contain all the disclosures required by IFRS for annual financial statements and should be read in conjunction with the Company's audited annual consolidated financial statements for the years ended May 31, 2020 and 2019 (the "Annual Financial Statements").

## b) Basis of Presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial assets and liabilities which are measured at fair value, as specified by IFRS for each type of asset, liability, income, and expense as set out in the accounting policies below.

## c) Functional and Presentation Currency

These condensed interim consolidated financial statements are presented in Canadian dollars, except as otherwise noted, which is the functional currency of the Company and each of the Company's subsidiaries. References to US\$ are to United States dollars.

## d) Reclassification of Prior Year Amounts

The Company reclassified certain items on the comparative condensed interim consolidated statements of loss and comprehensive loss to improve clarity.

**3. SIGNIFICANT ACCOUNTING POLICIES**

## a) Basis of Consolidation

The Company's subsidiaries and ownership interest held by non-controlling interests have been consolidated in these condensed interim consolidated financial statements consistent with those disclosed in the Annual Financial Statements, with the following exceptions:

On July 31, 2020, the Company acquired 100% of Highland Grow Inc. ("Highland") (Note 4).

In June 2020, the Company acquired the remaining 7% of CannaCanada Inc.'s ("CannaCanada") total issued and outstanding share capital.

In June 2020, the Company acquired the remaining 25% of SublimeCulture Inc.'s ("Sublime") total issued and outstanding share capital.

## b) Accounting Policies

The accounting policies applied in the preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in note 3 to the Company's Annual Audited Financial Statements apart from the following:

**MYM NUTRACEUTICALS INC.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

February 28, 2021 and February 29, 2020

(Expressed in Canadian dollars, unless otherwise noted) - Unaudited

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

The Company has adopted a new accounting policy with respect to inventories.

**Inventories**

Inventories for bulk cannabis and packaged cannabis are initially valued at cost, and subsequently at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs to sell. The Company reviews inventories for obsolete, redundant, and slow-moving goods and any such inventories identified are written down to net realizable value. The direct and indirect costs of internally grown bulk cannabis inventory initially include the fair value of the biological asset at the time of harvest. They also include subsequent costs such as materials, labour and depreciation expense on equipment involved in harvesting, packaging, labeling and inspection. All direct and indirect costs related to inventory are added to inventory as they are incurred, and subsequently recorded within cost of sales on the consolidated statements of (loss) income and comprehensive (loss) income at the time the cannabis is sold. Inventory is measured at lower of cost or net realizable value on the statement of financial position.

**4. ACQUISITION OF HIGHLAND GROW INC.**

On July 31, 2020 (the "Closing Date"), the Company completed the acquisition from Biome Grow Inc. (CSE: BIO.CN) of Highland, which is licensed under the Cannabis Act (Canada) to cultivate, process, and distribute cannabis from its facility located in Antigonish, Nova Scotia, for consideration with a fair value of \$11,301,516 comprised of (i) \$1,500,000 million in cash; (ii) 42,813,985 common shares of the Company (the "MYM Shares"); and (iii) 132,551,040 non-voting Class A Special Shares of MYM International Brands Inc., a wholly-owned subsidiary of MYM (the "Subsidiary Exchangeable Shares"), which may be exchanged on a 1 to 1 basis to common shares of MYM, subject to certain restrictions, in accordance with the Subsidiary Exchangeable Shares' rights and restrictions. The Subsidiary Exchangeable Shares were determined to have a fair value of \$7,953,062 based on a value of \$0.06 per share. The Company paid \$167,110 in legal fees associated with the acquisition. The transaction is accounted for by the Company as a business combination under IFRS 3 - Business Combinations.

Of the 42,813,985 common shares of the Company issued on the Closing Date, 38,461,538 common shares were held in escrow (the "Escrow Shares") with a fair value of \$1,587,307. The fair value of the Escrow Shares was determined by discounting the closing share price on July 31, 2020 of \$0.06, volatility of 100% and escrow period of 1 day to 21 months. The Escrow Shares are subject to certain vesting conditions and released monthly at the greater of 2,000,000 shares or 25% of the average of the monthly trading volume of MYM on the CSE for a period of 20 months from the Closing Date commencing on August 1, 2020. As at February 28, 2021 there were 23,180,484 common shares released from escrow with 15,281,054 Escrow Shares outstanding.



**MYM NUTRACEUTICALS INC.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

February 28, 2021 and February 29, 2020

(Expressed in Canadian dollars, unless otherwise noted) - Unaudited

**4. ACQUISITION OF HIGHLAND GROW INC. (continued)**

The following table summarizes the preliminary purchase price allocation:

	\$
<b>Assets acquired</b>	
Cash and cash equivalents	235,778
Amounts receivable	1,318,713
Inventory	1,251,624
Biological assets	17,501
Deposits and prepaid expenses	191,233
Note receivable	1,664,141
Property, plant, and equipment	3,195,426
	<b>7,874,416</b>
<b>Liabilities assumed</b>	
Accounts payable and accrued liabilities	1,935,311
Lease liability – current	21,681
Lease liability	19,448
	<b>1,976,440</b>
<b>Net assets at fair value, as at July 31, 2020</b>	<b>5,897,976</b>
<b>Consideration</b>	
Fair value of 132,551,040 Subsidiary Exchangeable Shares (see above)	7,953,062
Fair value of 38,461,538 Escrow Shares	1,587,307
Fair value of 4,352,447 Common Shares	261,147
Cash	1,500,000
<b>Total consideration</b>	<b>11,301,516</b>
Legal fees incurred	167,110
<b>Goodwill and intangible assets (preliminary)</b>	<b>5,570,650</b>

The preliminary goodwill and intangible assets arose in this acquisition because the consideration paid for the combination reflected the cultivation licence, Highland brands, and customer relationships. Management is assessing whether these benefits meet the recognition criteria for identifiable intangible assets which could reduce the amount of goodwill. The accounting for these acquisitions was provisionally determined with updates as of the date of these financial statements. The fair value of net assets acquired, and total consideration have been determined provisionally and subject to adjustment. Upon completion of a comprehensive valuation and finalization of the purchase price allocation, goodwill may be adjusted retrospectively to the acquisition date in future reporting periods.

**5. ACCOUNTS RECEIVABLE**

	February 28, 2021	May 31, 2020
	\$	\$
Trade receivables	1,525,873	-
GST/HST rebates receivable	176,054	59,904
Other receivables	21,471	9,071
	<b>1,723,398</b>	<b>68,975</b>

The balance in trade receivables is 44% due from the provincial and territorial cannabis regulators with the balance of 56% due from other customers.

**MYM NUTRACEUTICALS INC.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

February 28, 2021 and February 29, 2020

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**6. DEPOSITS, PREPAID EXPENSES, AND OTHER**

	February 28, 2021	May 31, 2020
	\$	\$
Prepaid expenses	668,668	339,267
Deposits	236,390	46,696
Other	17,250	17,250
	<b>922,308</b>	<b>403,213</b>

**7. BIOLOGICAL ASSETS**

	February 28, 2021	May 31, 2020
	\$	\$
Balance, beginning of period	12,499	-
Production costs capitalized	368,614	12,499
Biological assets sold	(12,730)	-
Change in fair value less costs to sell	480,841	-
Fair value of harvest written off	(268,422)	-
Transferred to inventory upon harvest	(225,402)	-
Balance, end of period	<b>355,400</b>	<b>12,499</b>

The fair value was determined using an expected cash flow model which assumes the biological assets will grow to maturity, be harvested and converted into finished goods inventory, and be sold in the retail cannabis market. The significant assumptions used in determining the fair value of cannabis plants include:

Assumption	February 28, 2021	May 31, 2020
Estimated sales price per gram	\$ 3.80 - \$ 7.42	\$ 3.80
Weighted average stage of growth	10 weeks	3 weeks
Expected yields by plant strain	60 grams	90 grams
Wastage	1.00% - 5.00%	1.00%
Post – harvest cost per gram	\$ 0.25 - \$0.82	\$ 0.25

Biological assets are measured at fair value less costs to sell until harvest. All production costs are capitalized. As at February 28, 2021 the carrying value of biological assets consisted entirely of live cannabis plants. The Company values cannabis plants at cost from the date of initial clipping from mother plants until the end of the sixth week of its growing cycle. Measurement of the biological asset at fair value less costs to sell and costs to complete begins at the seventh week until harvest. On average, the grow cycle is approximately 13 weeks.

The fair value measurements for biological assets have been categorized as Level 3. These estimates are subject to volatility in market prices and several uncontrollable factors, which will be reflected in gain or loss on biological assets in future periods.

Increases in cost required up to the point of harvest, harvesting costs and selling costs will decrease the fair value of biological assets, while increases in sales price and expected yield for the cannabis plant will increase the fair value of biological assets.

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**8. INVENTORY**

	Cost	Fair value adjustment	February 28, 2021	May 31, 2020
	\$	\$	\$	\$
Bulk and packaged cannabis	4,841,658	203,318	5,044,976	-
Packaging	141,453	-	141,453	-
Supplies	6,950	-	6,950	6,226
	4,990,061	203,318	5,193,379	6,226

**9. NOTES RECEIVABLE**

	Other	Biome	Total
	\$	\$	\$
<b>Principal</b>			
Balance, May 31, 2019	1,084,175	-	1,084,175
Advances	265,010	-	265,010
Balance, May 31, 2020	1,349,185	-	1,349,185
Advances	-	2,664,141	2,664,141
Transaction fees	-	(80,000)	(80,000)
Principal repayments	-	(163,676)	(163,676)
Interest income	17,951	262,946	280,897
Interest payment	-	(233,110)	(233,110)
Accretion	-	28,001	28,001
Write-offs	(689,350)	-	(689,350)
<b>Balance, February 28, 2021</b>	<b>677,786</b>	<b>2,478,302</b>	<b>3,156,088</b>
<b>Allowance for doubtful collection</b>			
Balance, May 31, 2019	-	-	-
Impairment	1,349,185	-	1,349,185
Balance, May 31, 2020	1,349,185	-	1,349,185
Write-offs	(689,350)	-	(689,350)
Impairment	17,951	-	17,951
<b>Balance, February 28, 2021</b>	<b>677,786</b>	<b>-</b>	<b>677,786</b>
<b>Carrying value</b>			
Balance, May 31, 2020	-	-	-
<b>Balance, February 28, 2021</b>	<b>-</b>	<b>2,478,302</b>	<b>2,478,302</b>

**Biome Loan**

On July 31, 2020, the Company loaned Biome Grow Inc. ("Biome") \$1,000,000 (the "Biome Loan") for a term of 18 months with an option to extend for an additional 6 months at the sole discretion of Biome upon Biome paying an extension fee. The Biome Loan bears interest at a face rate of 17.5% per annum. MYM retained an original issue discount of 5% and a set-up fee of 3% of the amount advanced. Interest on the Loan is payable every 4 months beginning on the day that is 4 months following the advance of the Biome Loan.

The principal amount of the Biome Loan was increased by the amount of certain liabilities of Highland assumed on July 31, 2020, which are valued at \$1,664,141 (Note 4).

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**9. NOTES RECEIVABLE (continued)**

As general and continuing security for the Biome Loan, the Company has a General Security Agreement whereby Biome granted a security interest in, and mortgages, pledges and charges as and by way of a fixed and specific mortgage, pledge and charge to and in favour of the Company, all of the estate, right, title and interest of Biome in and to all presently owned or held or after-acquired or held personal property, assets, effects and undertaking of the Biome, of whatever nature and kind and wheresoever situated, including all accounts, chattel paper, documents of title, equipment, fixtures, goods, instruments, agreements, intangibles, inventory, money and securities, and all proceeds thereof and therefrom (collectively, the "Collateral").

The Company also entered into an escrow agreement with Biome and an escrow agent whereby the Escrow Shares are to be released monthly at the greater of 2,000,000 shares or 25% of the average of the monthly trading volume of MYM on the CSE for a period of 20 months from the Closing Date commencing on August 1, 2020 into a securities account (see Note 4). As at February 28, 2021 there were 23,180,484 common shares released from escrow into a trading account with 15,281,054 Escrow Shares remaining. Proceeds from the trading account are paid to the Company to pay interest and principal when due. As at February 28, 2021, MYM has received \$233,110 in interest payments and \$163,676 in principal repayments. Accrued interest owing as at February 28, 2021 is \$29,836.

**Other notes receivable**

During the year ended May 31, 2020, the Company determined there was material uncertainty and risk of collection on its other notes receivable. An allowance for doubtful accounts of \$1,349,185 was provided against the other notes receivable, which the Company determined represents a reasonable estimate of amounts that may be unrecoverable. For the three and nine months ended February 28, 2021 the Company recorded an expense of \$5,918 and \$17,951, respectively (three and nine months ended February 29, 2020 - \$782,225 and \$782,225, respectively) in general and administration expenses on the consolidated statements of loss and comprehensive loss for related amounts that may be unrecoverable.

During the nine months ended February 28, 2021, the Company was notified that Crop Infrastructure Group declared bankruptcy and that there were no funds available to be disbursed to the Company on wind up. As a result, the Company wrote off \$689,350 of principal against \$689,350 of allowance for doubtful collection. No adjustments were recorded on the consolidated statements of loss and comprehensive loss as the amount due was fully provided for in the prior year.

**10. ASSETS HELD FOR SALE**

As at May 31, 2020, the Company listed the two houses (used for offices and staff accommodation) in Weedon for sale. Prior to their classification as assets held for sale, the two houses in Weedon were reported under property, plant, and equipment. The assets held for sale were included at the lower of carrying value and fair market value. The fair market value was based upon the listing prices of \$159,000 and \$179,900, respectively. Carrying value of the two houses as at May 31, 2020 was \$294,386.

On June 3, 2020, pursuant to the terms of the NCI Buyout Agreement, the Company transferred (i) title to the two houses in Weedon and (ii) paid \$50,000 to the holder of three percent of the issued and outstanding shares of CannaCanada to acquire these issued and outstanding shares.

On November 13, 2020, the Company listed the Weedon land for sale. Prior to classification as assets held for sale, the land was reported under property, plant, and equipment. The assets held for sale are included at the lower of carrying value and fair market value. Subsequent to February 28, 2021 the Company entered into an agreement, subject to conditions, to sell the land for \$300,000. The carrying value of the land was adjusted to \$275,000 being the estimated net realizable value of the property.

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**10. ASSETS HELD FOR SALE (continued)**

	Building and improvement	Land	Total
	\$	\$	\$
<b>Cost</b>			
Balance, May 31, 2019	-	-	-
Transfer from property, plant, and equipment	275,533	35,370	310,903
Balance, May 31, 2020	275,533	35,370	310,903
Disposal	(275,533)	(35,370)	(310,903)
Transfer from property, plant, and equipment	-	662,452	662,452
Impairment write-down	-	(387,452)	(387,452)
<b>Balance, February 28, 2021</b>	<b>-</b>	<b>275,000</b>	<b>275,000</b>
<b>Accumulated amortization</b>			
Balance, May 31, 2019	16,517	-	16,517
Disposal	(16,517)	-	(16,517)
<b>Balance, May 31, 2020 and February 28, 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Carrying value</b>			
Balance, May 31, 2020	259,016	35,370	294,386
<b>Balance, February 28, 2021</b>	<b>-</b>	<b>275,000</b>	<b>275,000</b>

**11. INTANGIBLE ASSETS AND GOODWILL**

	Licences <sup>(1)</sup>	Intellectual Property <sup>(2)</sup>	Domain Names <sup>(2)</sup>	Other <sup>(2)</sup>	Total
	\$	\$	\$	\$	\$
Balance at May 31, 2019	898,079	-	18,397	3,887	920,363
Additions	40,680	-	-	-	40,680
Impairment	(728,079)	-	(18,397)	(3,887)	(750,363)
Reversal of impairment	-	348,000	18,397	1,936	368,333
Disposals	-	(348,000)	(18,397)	(1,936)	(368,333)
<b>Balance at May 31, 2020 and February 28, 2021</b>	<b>210,680</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>210,680</b>

**(1) Licences**

Licences include the following for Sublime and Highland.

	Acquisition costs	Other capitalized charges	Impairment	Total
	\$	\$	\$	\$
Sublime licence	-	210,680	-	210,680
Highland licence (Note 4)	-	-	-	-
<b>Balance at May 31, 2020 and February 28, 2021</b>	<b>-</b>	<b>210,680</b>	<b>-</b>	<b>210,680</b>

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**11. INTANGIBLE ASSETS AND GOODWILL (continued)**Sublime

The Company received its cultivation licence from Health Canada on January 31, 2020.

During the year ended May 31, 2020, the Company issued 452,000 common shares with a fair value of \$40,680 or \$0.09 per common share in accordance with the various conditions contained in the Sublime asset purchase agreements which were contingent upon Sublime successfully obtaining its cultivation licence from Health Canada.

Highland License

The Company acquired a cultivation, processing, and sales licence on the acquisition of Highland. The fair value of this licence is included in goodwill and intangible assets and will be reclassified at a later date.

**(2) Intellectual Property**

In December 2019, the Company decided not to pursue its MYM International Brands Inc. ("Unique Brands") opportunities in Mexico and the UK and entered into a Settlement Agreement and Release (the "Agreement") with Erick Factor, Unique Brands President and CEO, pursuant to which Mr. Factor agreed to settle his severance entitlement of \$333,333 through transfer of the Company's exclusive rights to certain non-core assets being developed by the Unique Brands team, including intellectual property and trademarks of Joshua Tree, Dr. Furbaby, and Hempmed and 100% of the shares of the Company's wholly owned subsidiary, MYM Nutraceuticals Mexico, S.A. de C.V.

**Goodwill**

The continuity of goodwill for the nine months ended February 28, 2021 and year ended May 31, 2020 is as follows:

		\$
Balance at May 31, 2019 and May 31, 2020		-
Additions from Highland acquisition	(Note 4)	5,570,650
<b>Balance at February 28, 2021</b>		<b>5,570,650</b>

Upon completion of a comprehensive valuation and finalization of the purchase price allocation, goodwill will be adjusted retrospectively to the acquisition date.

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**12. PROPERTY, PLANT, AND EQUIPMENT**

A continuity of property, plant, and equipment for the nine months ended February 28, 2021 is as follows:

<b>Cost</b>	<b>Balance at May 31, 2020</b>	<b>Additions</b>	<b>Reclass</b>	<b>Balance at February 28, 2021</b>
	\$	\$	\$	\$
Computer equipment	53,724	3,441	-	57,165
Furniture	1,186	721	-	1,907
Software	-	16,128	-	16,128
Production equipment	227,309	328,550	-	555,859
Leasehold improvements	3,986,055	6,250	-	3,992,305
Right of use	690,707	46,377	-	737,084
Buildings and improvements	-	2,296,063	-	2,296,063
Land	662,452	595,465	(662,452)	595,465
Warehouse equipment	154,894	-	-	154,894
Assets in process	9,285	-	-	9,285
<b>Total</b>	<b>5,785,612</b>	<b>3,292,995</b>	<b>(662,452)</b>	<b>8,416,155</b>

  

<b>Accumulated depreciation</b>	<b>Balance at May 31, 2020</b>	<b>Depreciation</b>	<b>Balance at February 28, 2021</b>
	\$	\$	\$
Computer equipment	34,621	13,678	48,299
Furniture	6	99	105
Software	-	1,865	1,865
Production equipment	88,685	67,818	156,503
Leasehold improvements	499,948	169,101	669,049
Right of use	393,278	126,598	519,876
Buildings and improvements	-	66,366	66,366
Warehouse equipment	31,574	11,585	43,159
<b>Total</b>	<b>1,048,112</b>	<b>457,110</b>	<b>1,505,222</b>

  

<b>Carrying value</b>	<b>4,737,500</b>	<b>6,910,933</b>
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During the nine months ended February 28, 2021, the Company capitalized depreciation of \$55,611 to biological assets (nine months ended February 29, 2020 - \$nil).

Upon completion of a comprehensive valuation and finalization of the purchase price allocation, certain components of property, plant and equipment may be adjusted retrospectively to the acquisition date.

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**12. PROPERTY, PLANT, AND EQUIPMENT (continued)**

A continuity of property, plant, and equipment for the year ended May 31, 2020 is as follows:

<b>Cost</b>	<b>Balance at May 31, 2019</b>	<b>Additions / disposals (transfer to assets held for Sale)</b>	<b>Impairment</b>	<b>Balance at May 31, 2020</b>
	\$	\$	\$	\$
Computer equipment	51,416	2,308	-	53,724
Furniture	43,081	5,489	(47,384)	1,186
Software	127,095	-	(127,095)	-
Production equipment	199,939	27,370	-	227,309
Leasehold improvements	3,982,055	4,000	-	3,986,055
Buildings and improvements	405,663	(275,533)	(130,130)	-
Right of use	-	690,707	-	690,707
Land	697,822	(35,370)	-	662,452
Warehouse equipment	144,578	10,316	-	154,894
Assets in process	6,507,360	15,079	(6,513,154)	9,285
<b>Total</b>	<b>12,159,009</b>	<b>444,366</b>	<b>(6,817,763)</b>	<b>5,785,612</b>

  

<b>Accumulated Depreciation</b>	<b>Balance at May 31, 2019</b>	<b>Additions / disposals (Impairment / transfer to assets held for sale)</b>	<b>Depreciation</b>	<b>Balance at May 31, 2020</b>
	\$	\$	\$	\$
Computer equipment	16,554	-	18,067	34,621
Furniture	3,965	(15,176)	11,217	6
Software	31,687	(63,548)	31,861	-
Production equipment	49,957	(2,544)	41,272	88,685
Leasehold improvements	273,587	-	226,361	499,948
Buildings and improvements	15,462	(24,250)	8,788	-
Right of use	-	255,433	137,845	393,278
Warehouse equipment	16,991	-	14,583	31,574
<b>Total</b>	<b>408,203</b>	<b>149,915</b>	<b>489,994</b>	<b>1,048,112</b>

  

<b>Carrying value</b>	<b>11,750,806</b>	<b>4,737,500</b>
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The Company determined that software with a carrying value of \$63,547, building improvements with a carrying value of \$122,395, furniture with a carrying value of \$32,208 and assets in process with a carrying value of \$6,513,156 are not recoverable and as such, during the year ended May 31, 2020 the Company recorded a write-down of property, plant, and equipment of \$6,731,306.

During the year ended May 31, 2020, the Company sold equipment for total proceeds of \$7,850, resulting in a gain on sale of equipment of \$4,294.



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**13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	February 28, 2021	May 31, 2020
	\$	\$
Trade payables	2,186,845	617,964
Excise taxes payable	1,168,058	-
Accrued liabilities	325,810	-
Other payables	22,013	-
	<b>3,702,726</b>	<b>617,964</b>

**14. LEASE LIABILITY**

The lease liability consists of the following:

	February 28, 2021	May 31, 2020
	\$	\$
Balance, beginning of period	360,931	-
Addition on acquisition of Highland	41,129	-
Addition on adoption of IFRS 16	-	460,427
Addition on lease modification	6,905	38,537
Interest expense	28,530	48,212
Payments	(168,022)	(186,245)
Balance, end of period	269,473	360,931
Less: non-current portion of lease liability	(67,971)	(192,406)
<b>Current portion of lease liability</b>	<b>201,502</b>	<b>168,525</b>

**15. LOANS PAYABLE**

A continuity of loans payable for the nine months ended February 28, 2021 is as follows:

	Loan Facility	CEBA loans	Insurance loan	Consultant loans	Total
	\$	\$	\$	\$	\$
Balance, May 31, 2020	-	-	-	-	-
Advances received	4,500,000	220,000	386,522	424,271	5,530,793
Transaction costs paid in cash	(564,603)	-	-	-	(564,603)
Transaction costs allocated to reserves	(572,018)	-	-	-	(572,018)
Discount on CEBA loans	-	(60,010)	-	-	(60,010)
Principal repayments	-	-	(88,106)	(300,000)	(388,106)
Interest expense	393,607	15,461	5,401	9,515	423,984
Interest payments	(208,627)	-	(3,369)	(6,000)	(217,996)
Accretion expense	311,225	-	-	-	311,225
Other income	-	(15,461)	-	-	(15,461)
<b>Balance, February 28, 2021</b>	<b>3,859,584</b>	<b>159,990</b>	<b>300,448</b>	<b>127,786</b>	<b>4,447,808</b>
Less: Non-current portion	-	(159,990)	-	-	(159,990)
<b>Current portion</b>	<b>3,859,584</b>	<b>-</b>	<b>300,448</b>	<b>127,786</b>	<b>4,287,818</b>

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**15. LOAN PAYABLE (continued)****1909203 Ontario Inc.**

On July 31, 2020, the Company completed a loan facility (the "Loan Facility") with 1909203 Ontario Inc. (the "Facility Lender") whereby the Company borrowed \$3,000,000 for a term of eighteen months with an option to extend for an additional six months at the sole discretion of the Company upon the Company paying the Facility Lender an extension fee. The Facility Lender is related to Michael Wiener, Director and CEO of the Company. The Loan Facility bears interest at a face rate of 17.5% per annum. The Company paid transaction costs to the Facility Lender which included a set-up fee equal to 3% of the amount advanced and an immediate interest payment equal to 5% of the amount advanced separate from and in addition to the 17.5% per annum interest payable under the Loan Facility. The "Loan Facility" includes a provision in the event of change of control, the Company would have to pay the outstanding principal balance of the loans plus 100% of the prepayment premium and all accrued and unpaid interest immediately.

The Loan Facility is secured against all of MYM's current and future acquired assets. At any time during the term of the Loan Facility, at the Company's discretion, the Company may borrow an additional \$1,000,000 from the Facility Lender on the same terms and conditions as the original \$3,000,000 draw on the Loan Facility.

A standby fee of 3% is payable on the remaining \$1,000,000 second tranche until the earlier of (i) such date that it is advanced, or (ii) the Secured Loan matures. During the three and nine months ended February 28, 2021 an expense of \$6,575 and \$11,819, respectively (three and nine months ended February 29, 2020 - \$nil and \$nil, respectively) was recognized in interest expense on the consolidated statement of loss and comprehensive loss.

On August 21, 2020, the Company borrowed an additional \$600,000 pursuant to the Loan Facility. The Company paid transaction costs to the Facility Lender which included a set-up fee equal \$30,000 and immediate interest payment equal to \$50,000 separate from and in addition to the 17.5% per annum interest payable under the Loan Facility. In addition, the Company issued the Lender 28,571,429 common share purchase warrants each of which may be exercised to purchase one common share of MYM at a price of \$0.07 per common share and expiring on August 21, 2023. The fair value assigned to the warrants was \$519,999.

On January 13, 2021, the Company entered into an agreement to amend to the Loan Facility (the "Amended Loan Facility") to defer all interest payable under the loan agreement to be due and payable on maturity date January 31, 2022. As consideration for the Amended Loan Facility, the Company issued 1,000,000 purchase warrants (the "Warrants") to the Lender. Each Warrant entitles the holder to purchase one Share (a "Warrant Share") for a period of thirty-six (36) months from the issue date at a price of \$0.095 per Warrant Share. The fair value assigned to the warrants was \$52,018. The Warrants are subject to an acceleration provision that allows the Company to give notice of an earlier expiry date if the Company's weighted average share price on the CSE (or such other stock exchange the Company may be trading on) is equal or greater than \$0.19 for a period of 10 consecutive trading days.

On January 26, 2021, the Company entered into an amending agreement to increase the Loan Facility with the Facility Lender by an additional \$1,000,000 with the same terms and conditions of the Loan Facility. Proceeds will be used to pay down the MW Loan and to fund additional working capital requirements, of which the Company borrowed \$500,000 immediately and incurred additional \$80,000 in cash transaction costs.

The principal balance outstanding as at February 28, 2021 was \$4,500,000. The balance reported on the balance sheet as at February 28, 2021 of \$3,859,584 represents the principal balance discounted for the cash and non-cash transaction costs and any accrued interest. The principal balance will be increased each reporting period through accretion expense to increase the balance to the principal balance outstanding over the remaining term of the loan.

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**15. LOAN PAYABLE (continued)**

The Loan Facility contains certain covenants, including the requirement to maintain specified minimum working capital balances. As at February 28, 2021, the Company was in compliance with all such covenants.

As at February 28, 2021, \$184,979 (May 31, 2020 - \$nil) of interest payable is included in the outstanding balance.

**CEBA loans**

Due the global COVID-19 outbreak, the federal government of Canada introduced the CEBA. CEBA provides an interest-free loan ("CEBA Loan") of \$40,000 to eligible businesses. The CEBA Loan has an initial term that expires on December 31, 2022, throughout which, the CEBA Loan remains interest free. Repayment of \$30,000 by December 31, 2022, results in a \$10,000 loan forgiveness. If the balance is not paid prior to December 31, 2022, the remaining balance will be converted to a 3-year term loan at 5% annual interest, paid monthly effective January 1, 2023. The full balance must be repaid by no later than December 31, 2025. During the calendar year ending December 31, 2020, the Company received a total of \$220,000 CEBA loans from the Government to its various entities. As of February 28, 2021, the Company, as a venture issuer with going concern risk that relies on equity and debt financing, is not reasonably assured that the Company will repay the loan by December 31, 2022 and benefit from the loan forgiveness, hence the Company has not recognized the loan forgiveness as grant income.

Pursuant to IAS 20, Accounting for Government Grants and Disclosure of Government Assistance, the benefit of a government loan at below - market rate is treated as a government grant and measured in accordance with IFRS 9, Financial Instruments. The benefit of below - market rate shall be measured as the difference between the initial carrying value of the loan (being the present value of a similar loan at market rates) and the proceeds received. The Company has estimated the initial carrying value of the CEBA loans at \$144,529, using a discount rate of 17.5%, which was the estimated rate for a similar loan without the interest - free component, which shall be accreted to the \$220,000 face value over the term of the loan. The difference of \$75,471 is recorded as deferred income, which shall be recognized as interest income over the term of the loan.

During the nine-month period ending February 28, 2021, the Company recorded \$15,461 (2019 - \$nil) of interest expense on the CEBA loan payable and \$15,461 (2019 - \$nil) of interest income on the deferred income liability.

**Insurance loans**

During the period ended February 28, 2021, the Company entered into two loans of \$334,478 and \$52,044, respectively, to finance its insurance. The loans are payable in monthly installments of \$43,072 and \$5,330, carry interest of 2.1% and 1.8% and mature in August and December 2021.

**Consultant loans**

On December 31, 2020, the Company entered into a separate loan agreement with Michael Wiener, a Director and CEO of the Company, to borrow \$300,000 (the "MW Loan") The amount borrowed was repaid on January 31, 2021 and accrued interest at 2% per month (\$6,000). Proceeds were used to purchase and increase inventory levels.

On December 31, 2020, the Company entered into loan agreements with consultants for an aggregate of \$124,271 for balances previously recorded as accounts payable and accrued liabilities. These amounts mature on June 30, 2021 and accrue interest at an annual rate of 17.5%. In the event of a change of control transaction the maturity date is subject to acceleration and payable within five days of the transaction.

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**15. LOAN PAYABLE (continued)**

As at February 28, 2021, \$3,515 (May 31, 2020 - \$nil) of interest payable is included in the outstanding balance.

A continuity of loans payable for the year ended May 31, 2020 is as follows:

	<b>Secured Loan</b>
	\$
Balance, beginning of period	-
Advances received	3,000,000
Transaction costs paid in cash	(304,741)
Transaction costs allocated to reserves	(134,443)
Principal repayments	(2,600,000)
Application of prepaid interest to loan balance	(240,000)
Refund of issuance costs	(160,000)
Accretion expense	439,184
Balance, May 31, 2020	-

On July 31, 2019, the Company entered into a \$5,500,000 loan agreement ("Secured Loan") with Trichome Financial Corp. ("Trichome"). The Secured Loan was structured through two tranches of \$3,000,000 and \$2,500,000 accruing interest at 12% per annum. The first tranche of \$3,000,000 was advanced on July 31, 2019 and the second tranche was to be issued upon achieving certain milestones.

A standby fee of 6% was payable on the second tranche until such date that it is advanced, or the Secured Loan matures. During the year ended May 31, 2020, an expense of \$37,808, respectively was recognized in interest expense on the consolidated statement of loss and comprehensive loss.

Annual interest of \$360,000 on the first tranche was prepaid and held on account by the lender. The balance was drawn down monthly until the outstanding principal was repaid. During the year ended May 31, 2020, an expense of \$120,000 was recognized in interest expense on the consolidated statement of loss and comprehensive loss.

Pursuant to the Secured Loan, the Company issued 4,000,000 warrants to Trichome. Each warrant is exercisable into one common share of the Company at a price of \$0.30 and expire on June 10, 2022. The fair value of the liability component of the convertible debt on inception was \$2,400,817 based on the Black-Scholes Option Pricing Model ("Black-Scholes"), using a 40% discount rate. After deducting the total transaction costs of \$464,740, a residual value of \$134,443 has been recorded to reserve for warrants.

On November 30, 2019, the Company repaid \$2,250,000 of the first tranche. As a result of the early repayment, Trichome refunded \$160,000 of the Secured Loan issue costs and applied the prepaid interest of \$240,000 against the outstanding principal. The remaining balance of \$350,000 was subsequently repaid on December 2, 2019 and the Secured Loan was terminated. The Company has no further obligations with respect to the Secured Loan.

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**16. SHARE CAPITAL****a) Authorized**

Unlimited common shares without par value

Unlimited preferred shares (none issued)

**b) Issued and Outstanding**

During the nine months ended February 28, 2021, the Company had the following common share transactions:

- The Company issued 1,250,000 units through a non-brokered private placement at \$0.06 per unit for gross proceeds of \$75,000. Each unit is comprised of one common share and one non-transferable common share purchase warrant with each warrant exercisable into one additional common share at a price of \$0.10 and expire on June 5, 2023. Share issuance costs totaled \$3,125.

Gross proceeds from this non-brokered private placement were allocated between common shares and warrants using a pro-rata method based on the fair values of common shares and warrants on the date of issuance. The fair value of warrants was estimated at \$45,229 using the Black-Scholes valuation model (average volatility 100%, expected life 2.25 years, risk free rate 0.32%). Gross proceeds of \$46,786 was allocated to common shares and gross proceeds of \$28,214 was allocated to reserves.

- The Company issued 1,428,571 units through a non-brokered private placement at \$0.0525 per unit for gross proceeds of \$75,000. Each unit is comprised of one common share and one non-transferable common share purchase warrant with each warrant exercisable into one additional common share at a price of \$0.0875 and expire on July 6, 2023. Share issuance costs totaled \$15,068. Gross proceeds from this non-brokered private placement were allocated between common shares and warrants using a pro-rata method based on the fair values of common shares and warrants on the date of issuance. The fair value of warrants was estimated at \$49,697 using the Black-Scholes valuation model (average volatility 100%, expected life 2.25 years, risk free rate 0.25%). Gross proceeds of \$45,109 was allocated to common shares and gross proceeds of \$29,891 was allocated to reserves.
- The Company issued 2,638,636 common shares at prices of \$0.06 - \$0.08 per common share for the settlement of \$176,128 debt owing to various directors, officers, and consultants of the Company.
- The Company issued 5,150,000 common shares valued at \$0.07 per share and made a cash payment of \$250,000 to acquire the remaining twenty-five percent of Sublime's total issued and outstanding share capital. The Company also incurred legal costs of \$86,480 related to the acquisition of this non-controlling interest. The Company now owns one hundred percent of Sublime.
- The Company issued 42,813,985 common shares to acquire Highland (Note 4). 38,451,538 were Escrow Shares with a fair value of \$1,587,307 (see Note 4), and the balance of 4,352,447 common shares were valued at \$0.06 per share with a fair value of \$261,147.
- The Company issued 900,000 common shares for the exercise of options at \$0.05 per common share for gross proceeds of \$45,000. In relation to the exercise, \$32,779 was classified from reserves for options to share capital.
- The Company issued 3,641,884 common shares for the exercise of warrants at \$0.09 - \$0.10 per common share for gross proceeds of \$350,907. In relation to the exercise, \$139,488 was classified from reserves for warrants to share capital.

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**16. SHARE CAPITAL (continued)**

- The Company issued 18,657,786 common shares pursuant to the conversion of Subsidiary Exchangeable Shares (see Note 4) with a fair value transfer of \$1,119,467 to common shares.

During the year ended May 31, 2020, the Company had the following common share transactions:

- The Company issued 1,666,666 units through a non-brokered private placement at \$0.06 per unit for gross proceeds of \$100,000. Each unit is comprised of one common share and one non-transferable common share purchase warrant with each warrant exercisable into one additional common share at a price of \$0.10 and expire on May 22, 2023. Share issuance costs totaled \$6,613. A fair value of \$84,941 was assigned to the warrants issued using the Black-Scholes valuation model (average volatility 100%, expected life 2.25 years, risk free rate 0.27%).
- The Company issued 1,250,000 units through a non-brokered private placement at \$0.06 per unit for gross proceeds of \$75,000. Each unit is comprised of one common share and one non-transferable common share purchase warrant with each warrant exercisable into one additional common share at a price of \$0.10 and expire on April 30, 2023. Share issuance costs totaled \$6,320. A fair value of \$49,717 was assigned to the warrants issued using the Black-Scholes valuation model (average volatility 100%, expected life 2.25 years, risk free rate 0.29%).
- The Company issued 1,250,000 units through a non-brokered private placement at \$0.06 per unit for gross proceeds of \$75,000. Each unit is comprised of one common share and one non-transferable common share purchase warrant with each warrant exercisable into one additional common share at a price of \$0.10 and expire on April 14, 2023. Share issuance costs totaled \$8,941. A fair value of \$59,028 was assigned to the warrants issued using the Black-Scholes valuation model (average volatility 100%, expected life 2.25 years, risk free rate 0.38%).
- The Company issued 952,000 common shares with a deemed value of \$85,680 or \$0.09 per common share to various consultants of the Company upon Sublime successfully obtaining its cultivation licence from Health Canada. The Company recognized \$45,000 as consultant expense and capitalized \$40,680 to the intangible asset related to the Sublime licence.
- The Company issued 2,327,142 units through a non-brokered private placement at \$0.06 per unit for gross proceeds of \$139,629. Each unit is comprised of one common share and one non-transferable common share purchase warrant with each warrant exercisable into one additional common share at a price of \$0.10 and expire on February 13, 2023. Share issuance costs totaled \$4,469. A fair value of \$111,147 was assigned to the warrants issued using the Black-Scholes valuation model (average volatility 100%, expected life 2.25 years, risk free rate 1.55%).
- The Company issued 3,115,795 units through a non-brokered private placement at \$0.06 per unit for gross proceeds of \$186,948. Each unit is comprised of one common share and one non-transferable common share purchase warrant with each warrant exercisable into one additional common share at a price of \$0.10 and expire on February 4, 2023. Share issuance costs totaled \$4,303. A fair value of \$184,968 was assigned to the warrants issued using the Black-Scholes valuation model (average volatility 100%, expected life 2.25 years, risk free rate 1.51%).
- The Company issued 2,489,711 common shares at prices of \$0.06 - \$0.105 per common share for the settlement of \$193,586 debt owing to various directors, officers, and consultants of the Company.

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**16. SHARE CAPITAL (continued)**

- The Company issued 3,333,334 units through a non-brokered private placement at \$0.06 per unit for gross proceeds of \$200,000. Each unit is comprised of one common share and one non-transferable common share purchase warrant with each warrant exercisable into one additional common share at a price of \$0.10 and expire on January 29, 2023. Share issuance costs totaled \$3,481. A fair value of \$146,596 was assigned to the warrants issued using the Black-Scholes valuation model (average volatility 100%, expected life 2.25 years, risk free rate 1.51%).
- The Company issued 3,683,416 units through a non-brokered private placement at \$0.06 per unit for gross proceeds of \$221,005. Each unit is comprised of one common share and one non-transferable common share purchase warrant with each warrant exercisable into one additional common share at a price of \$0.10 and expire on January 27, 2023. Share issuance costs totaled \$8,498. A fair value of \$161,944 was assigned to the warrants issued using the Black-Scholes valuation model (average volatility 100%, expected life 2.25 years, risk free rate 1.48%).
- The Company issued 4,478,571 units through a non-brokered private placement at \$0.06 per unit for gross proceeds of \$268,714. Each unit is comprised of one common share and one non-transferable common share purchase warrant with each warrant exercisable into one additional common share at a price of \$0.10 and expire on January 14, 2023. Share issuance costs totaled \$4,030. A fair value of \$180,717 was assigned to the warrants issued using the Black-Scholes valuation model (average volatility 100%, expected life 2.25 years, risk free rate 1.69%).
- The Company issued 903,614 units through a non-brokered private placement at \$0.083 per unit for gross proceeds of \$75,000. Each unit is comprised of one common share and one non-transferable common share purchase warrant with each warrant exercisable into one additional common share at a price of \$0.1375 and expire on December 19, 2022. Share issuance costs totaled \$3,431. A fair value of \$46,850 was assigned to the warrants issued using the Black-Scholes valuation model (average volatility 100%, expected life 2.25 years, risk free rate 1.71%).
- BioHemp returned 6,000,000 common shares of the Company and the Company cancelled these common shares on December 12, 2019.
- The Company issued 1,176,470 units through a non-brokered private placement at \$0.1275 per unit for gross proceeds of \$150,000. Each unit is comprised of one common share and one non-transferable common share purchase warrant with each warrant exercisable into one additional common share at a price of \$0.2125 and expire on November 26, 2022. Share issuance costs totaled \$9,250. A fair value of \$100,776 was assigned to the warrants issued using the Black-Scholes valuation model (average volatility 100%, expected life 2.25 years, risk free rate 1.59%).
- The Company issued 1,212,122 units through a non-brokered private placement at \$0.165 per unit for gross proceeds of \$200,000. Each unit is comprised of one common share and one non-transferable common share purchase warrant with each warrant exercisable into one additional common share at a price of \$0.275 and expire on November 15, 2022. Share issuance costs totaled \$9,875. A fair value of \$108,233 was assigned to the warrants issued using the Black-Scholes valuation model (average volatility 100%, expected life 2.25 years, risk free rate 1.57%).
- The Company issued 1,190,476 units through a non-brokered private placement at \$0.105 per unit for gross proceeds of \$125,000. Each unit is comprised of one common share and one non-transferable common share purchase warrant with each warrant exercisable into one additional common share at a price of \$0.175 and expire on October 11, 2022. Share issuance costs totaled \$4,015. A fair value of \$66,947 was assigned to the warrants issued using the Black-Scholes valuation model (average volatility 100%, expected life 2.25 years, risk free rate 1.65%).

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**16. SHARE CAPITAL (continued)**

- The Company issued 1,086,957 units through a non-brokered private placement at \$0.184 per unit for gross proceeds of \$200,000. Each unit is comprised of one common share and one non-transferable common share purchase warrant with each warrant exercisable into one additional common share at a price of \$0.2875 and expire on September 20, 2022. Share issuance costs totaled \$4,040. A fair value of \$121,994 was assigned to the warrants issued using the Black-Scholes valuation model (average volatility 100%, expected life 2.25 years, risk free rate 1.59%).
- The Company issued 1,000,000 units through a non-brokered private placement at \$0.20 per unit for gross proceeds of \$200,000. Each unit is comprised of one common share and one non-transferable common share purchase warrant with each warrant exercisable into one additional common share at a price of \$0.33 and expire on September 6, 2022. Share issuance costs totaled \$4,065. A fair value of \$137,318 was assigned to the warrants issued using the Black-Scholes valuation model (average volatility 100%, expected life 2.25 years, risk free rate 1.50%).
- The Company issued 1,000,000 common shares for the exercise of options at \$0.23 per common share for gross proceeds of \$230,000. In relation to the exercise, \$88,256 was classified from reserves for options to share capital.
- The Company issued 8,762,432 units through a non-brokered private placement at \$0.324 per unit for gross proceeds of \$2,839,028. Each unit is comprised of one common share and one non-transferable common share purchase warrant with each warrant exercisable into one additional common share at a price of \$0.50 and expire on between July 9, 2022 and August 30, 2022. Share issuance costs totaled \$58,280. A fair value of \$1,672,450 was assigned to the warrants issued using the Black-Scholes valuation model (average volatility 100%, expected life 2.25 years, risk free rate 1.41%-1.65%).
- The Company issued 1,893,940 units through a non-brokered private placement at \$0.264 per unit for gross proceeds of \$500,000. Each unit is comprised of one common share and one non-transferable common share purchase warrant with each warrant exercisable into one additional common share at a price of \$0.413 and expire on June 7, 2022. Share issuance costs totaled \$11,170. A fair value of \$314,301 was assigned to the warrants issued using the Black-Scholes valuation model (average volatility 100%, expected life 2.25 years, risk free rate 1.45%).
- The Company issued 6,000,000 common shares to acquire 50% of BioHemp. Subsequent to the acquisition, the Company determined that the amount of biomass anticipated to be cultivated by BioHemp will be significantly less than original estimates. As a result of this material change, the Company executed a rescission agreement with BioHemp. The order for rescission, which was approved on November 30, 2019, resulted in the transaction being wholly reversed and cancelled. Subsequent to November 30, 2019, the 6,000,000 common shares of the Company were returned to the Company and cancelled.

**c) Escrow Shares**

There were 15,281,054 shares held in escrow related to the acquisition of Highland as at February 28, 2021. There were no shares held in escrow as at May 31, 2020.



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**16. SHARE CAPITAL (continued)****d) Warrants**

A summary of the changes in the Company's common share purchase warrants is as follows:

	<b>Number of warrants</b>	<b>Weighted average exercise price</b>
	<b>#</b>	<b>\$</b>
Balance, May 31, 2019	19,075,848	1.64
Issued	42,330,935	0.24
Expired	(6,535,319)	2.75
<b>Balance, May 31, 2020</b>	<b>54,871,464</b>	<b>0.43</b>
Issued	32,249,999	0.07
Exercised	(3,641,884)	0.10
Expired	(6,110,972)	1.49
<b>Balance, February 28, 2021</b>	<b>77,368,607</b>	<b>0.21</b>

On June 10, 2019, the Company issued 4,000,000 warrants to Trichome Financial Corp. relating to a \$3,000,000 loan payable settled during November 2019. The fair value attributed to the warrants was \$134,443 based on the residual value after determining the \$2,400,817 fair value of the liability after transactions costs of \$464,740.

On August 21, 2020, the Company issued 28,571,429 common share purchase warrants relating to a loan payable (Note 15) each of which may be exercised to purchase one common share of MYM at a price of \$0.07 per common share and expiring on August 21, 2023. The fair value assigned to the warrants was \$519,999.

On January 13, 2021, the Company issued 1,000,000 common share purchase warrants relating to a loan payable (Note 15) each of which may be exercised to purchase one common share of MYM at a price of \$0.095 per common share and expiring on January 13, 2024. The fair value assigned to the warrants was \$52,018.

The following assumptions were used for the Black-Scholes valuation of warrants issued during the nine-month period ended February 28, 2021 and year end May 31, 2020:

	<b>2021</b>	<b>2020</b>
Risk-free interest rate	<b>0.16% - 0.32%</b>	0.27% - 1.71%
Expected life	<b>2.25 years</b>	2.25 years
Expected volatility	<b>100%</b>	100%
Forfeiture rate	<b>0.0%</b>	0.0%
Dividend rate	<b>0.0%</b>	0.0%

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**16. SHARE CAPITAL (continued)**

The share purchase warrants outstanding and exercisable as at February 28, 2021 and May 31, 2020 have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price	Warrants	Warrants
			February 28, 2021	May 31, 2020
		\$	#	#
September 20, 2017	September 20, 2020	0.55	-	125,000
May 4, 2018	November 4, 2020	2.04	-	100,000
September 14, 2018	September 14, 2020	1.50	-	5,885,972
January 11, 2019	January 11, 2022	0.64	<b>2,439,024</b>	2,439,024
March 29, 2019	March 29, 2022	0.71	<b>1,200,000</b>	1,200,000
April 12, 2019	April 12, 2022	0.64	<b>1,449,333</b>	1,449,333
April 25, 2019	April 25, 2022	0.69	<b>1,341,200</b>	1,341,200
June 7, 2019	June 7, 2022	0.413	<b>1,893,940</b>	1,893,940
June 10, 2019	June 10, 2022	0.30	<b>4,000,000</b>	4,000,000
July 9, 2019	July 9, 2022	0.50	<b>1,543,210</b>	1,543,210
July 16, 2019	July 16, 2022	0.50	<b>2,528,174</b>	2,528,174
August 1, 2019	August 1, 2022	0.50	<b>3,602,234</b>	3,602,234
August 30, 2019	August 30, 2022	0.50	<b>1,088,814</b>	1,088,814
September 6, 2019	September 6, 2022	0.33	<b>1,000,000</b>	1,000,000
September 20, 2019	September 20, 2022	0.2875	<b>1,086,957</b>	1,086,957
October 11, 2019	October 11, 2022	0.175	<b>1,190,476</b>	1,190,476
November 15, 2019	November 15, 2022	0.275	<b>1,212,122</b>	1,212,122
November 26, 2019	November 26, 2022	0.2125	<b>1,176,470</b>	1,176,470
December 19, 2019	December 19, 2022	0.1375	<b>903,614</b>	903,614
January 14, 2020	January 14, 2023	0.10	<b>4,478,571</b>	4,478,571
January 27, 2020	January 27, 2023	0.10	<b>2,750,083</b>	3,683,416
January 29, 2020	January 29, 2023	0.10	<b>3,333,334</b>	3,333,334
February 4, 2020	February 4, 2023	0.10	<b>3,115,795</b>	3,115,795
February 13, 2020	February 13, 2023	0.10	<b>2,327,142</b>	2,327,142
April 14, 2020	April 14, 2023	0.10	<b>625,000</b>	1,250,000
April 30, 2020	April 30, 2023	0.10	<b>1,250,000</b>	1,250,000
May 22, 2020	May 22, 2023	0.10	<b>833,333</b>	1,666,666
June 5, 2020	June 5, 2023	0.10	<b>1,062,230</b>	-
July 6, 2020	July 6, 2023	0.0875	<b>366,122</b>	-
August 21, 2020	August 21, 2023	0.07	<b>28,571,429</b>	-
January 13, 2021	January 13, 2024	0.095	<b>1,000,000</b>	-
Total			<b>77,368,607</b>	<b>54,871,464</b>
Weighted average remaining contractual life of warrants outstanding at the end of the period			<b>1.9 years</b>	<b>2.1 years</b>

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**16. SHARE CAPITAL (continued)****e) Incentive Stock Options**

The Company has a Stock Option Plan ("the Plan") in place under which it is authorized to grant stock option awards to employees, directors, and consultants. On November 2, 2020, at the Company's annual general meeting, a resolution to change the Plan to enable the Company to grant stock option awards up to a maximum of 15% of the issued shares of the Company was passed.

A summary of the changes in the Company's stock options is as follows:

	<b>Number of stock options</b>	<b>Weighted average exercise price</b>
	<b>#</b>	<b>\$</b>
Balance, May 31, 2019	11,486,000	0.78
Granted	8,500,000	0.14
Expired	(683,000)	0.83
Exercised	(1,000,000)	0.23
Cancelled	(9,028,000)	0.84
<b>Balance, May 31, 2020</b>	<b>9,275,000</b>	<b>0.20</b>
Granted	24,480,000	0.065
Expired	(675,000)	1.04
Exercised	(900,000)	0.05
Cancelled	(35,000)	0.07
<b>Balance, February 28, 2021</b>	<b>32,145,000</b>	<b>0.08</b>

As at February 28, 2021 there were 26,810,000 (May 31, 2020 - 9,175,000) stock options vested and exercisable at an average exercise price of \$0.09 (May 31, 2020 - \$0.19).

The assessed fair value of options granted during the three and nine months ended February 28, 2021 was \$91,684 and \$910,564, respectively (three and nine months ended February 29, 2020 - \$281,163 and \$1,565,435, respectively). The fair value at grant date is determined using the Black Scholes model. Assumptions used in the Black-Scholes Option Pricing Model are as follows:

	<b>2021</b>	<b>2020</b>
Risk-free interest rate	<b>0.23% - 0.34%</b>	1.41 - 1.53%
Expected life	<b>3 years</b>	2 - 3.5 years
Expected volatility	<b>100%</b>	100%
Forfeiture rate	<b>0.0% - 5.0%</b>	0.0%
Dividend rate	<b>0.0%</b>	0.0%

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**16. SHARE CAPITAL (continued)**

The following table summarizes the Company's stock options outstanding as at February 28, 2021 and May 31, 2020:

<b>Grant date</b>	<b>Expiry date</b>	<b>Note</b>	<b>Exercise price</b>	<b>Stock options February 28, 2021</b>	<b>Stock options May 31, 2020</b>
			\$	#	#
November 17, 2015	November 17, 2020	a	0.05	-	900,000
September 5, 2017	December 5, 2022	b	0.45	-	175,000
August 22, 2018	August 22, 2020	c	1.25	-	500,000
February 11, 2019	February 11, 2022	d	0.76	<b>750,000</b>	750,000
March 27, 2019	September 27, 2022	e	0.76	<b>150,000</b>	150,000
April 3, 2020	April 3, 2023	f	0.06	<b>6,800,000</b>	6,800,000
August 7, 2020	August 7, 2023	g	0.065	<b>23,945,000</b>	-
November 2, 2020	November 2, 2023	h	0.065	<b>500,000</b>	-
<b>Total</b>				<b>32,145,000</b>	9,275,000
Weighted average remaining contractual life of stock options outstanding at the end of the period				<b>2.3 years</b>	2.4 years

Vesting of options is as follows:

- 25% immediately and 25% after each 3-month anniversary.
- 10% after each 6-month anniversary. Expire 1 year after vesting date.
- 250,000 immediately, 50,000 every three months effective October 1, 2018.
- 20% immediately and 20% after each 3-month anniversary.
- 1/12 after each 3-month anniversary.
- Immediately.
- 14,400,000 vest immediately, 9,580,000 vest 1/12 each monthly over a 12-month period.
- 100% on May 2, 2021.

**f) Subsidiary Exchangeable Shares**

A summary of the changes in the Subsidiary Exchangeable Shares is as follows:

	<b>Number of exchangeable shares</b>
<b>Balance, May 31, 2019 and May 31, 2020</b>	-
Issued	132,551,040
Exchanged	(18,657,786)
<b>Balance, February 28, 2021</b>	<b>113,893,254</b>

On July 31, 2020, the Company issued 132,551,040 non-voting Class A Special Shares of MYM International Brands Inc., a wholly owned subsidiary of MYM (the "Subsidiary Exchangeable Shares"), which may be exchanged on a 1 to 1 basis to common shares of MYM, subject to certain restrictions, in accordance with the Subsidiary Exchangeable Shares' rights and restrictions. The Subsidiary Exchangeable Shares were determined to have a fair value of \$7,953,062 based on a value of \$0.06 per share.

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**17. GENERAL AND ADMINISTRATION**

	Three months ended		Nine months ended	
	February 28, 2021	February 29, 2020	February 28, 2021	February 29, 2020
	\$	\$	\$	\$
Salaries and contractors	419,227	862,042	1,169,252	2,353,705
Insurance	213,286	140,426	450,730	254,741
Rent	32,634	88,827	98,211	137,847
Utilities	25,248	22,432	71,485	53,740
Travel	13,805	15,988	50,031	522,619
Brokerage and listing fees	14,685	22,276	51,855	61,567
Software	10,347	-	31,815	-
Bad debt expense	5,918	-	17,951	782,225
Consultants	5,000	58,740	21,449	436,114
Other	122,232	71,511	329,476	314,997
Total	862,382	1,282,242	2,292,255	4,917,555

**18. SUPPLEMENTAL CASH FLOW INFORMATION**

	Note	February 28, 2021	Nine months ended February 29, 2020
		\$	\$
Non-Cash Financing and Investing Activities			
Fair value of options exercised	16	32,779	88,256
Fair value of warrants issued in private placements	16	58,105	3,354,240
Fair value of warrants exercised	16	139,488	-
Fair value of warrants issued for loan payable	15	572,018	134,443
Shares issued for wages and contractors	16	176,128	149,584
Shares issued for business acquisition	4	9,801,516	-
Assets held for sale transferred for non-controlling interest buy-out	10	294,386	-
Shares issued for non-controlling interest buy-out	10/16	360,502	-
Shares issued for Sublime license	11	-	40,680
Subsidiary exchangeable shares	16	1,119,467	-

**19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT****Fair value measurement of financial assets and liabilities**

The fair value hierarchy that prioritizes the inputs used to measure fair value is as follows:

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

The carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and due to related parties approximate their fair values because of their nature and relatively short maturity dates or durations.

As at February 28, 2021 and May 31, 2020, biological assets were categorized as Level 3 in the fair value hierarchy above.

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**20. RELATED PARTY BALANCES AND TRANSACTIONS**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company or its subsidiaries, directly or indirectly. Key management personnel include the Company's directors and executive officers.

The aggregate value of transactions relating to key management personnel were as follows:

	Three months ended		Nine months ended	
	February 28, 2021	February 29, 2020	February 28, 2021	February 29, 2020
	\$	\$	\$	\$
Salaries and contractors	-	58,554	-	482,954
Consultants	92,000	459,927	298,919	518,427
Corporate finance fees	-	-	-	250,000
Interest expense	193,764	-	402,391	-
Short term employee benefits	-	506	-	4,517
Stock-based compensation	51,081	258,648	634,253	1,224,348
	336,845	777,635	1,335,563	2,480,246

During the nine months ended February 28, 2021, the Company issued 1,252,516 common shares at prices of \$0.06 - \$0.08 per common share for the settlement of \$83,336 debt owing to various directors and officers of the Company.

As at February 28, 2021, \$77,581 (May 31, 2020 - \$58,068) were owing to key management personnel for fees and expenses and the amounts were included in due to related parties. The amounts payable are non-interest bearing, are unsecured, and have no specific terms for repayment.

Name	Title	February 28, 2021	May 31, 2020
		\$	\$
Michael Wiener	Director and CEO	21,278	-
Robin Linden	Executive VP and CMO	8,750	17,500
Mark Forster	CFO	45,978	23,068
Sheryl Dhillon	Corporate Secretary	1,575	-
Erick Factor	Former Executive Chairman	-	17,500
		77,581	58,068

Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

During the three and nine months ended February 28, 2021 the Company borrowed \$3,960,806 (2019 - \$nil) from related parties and recorded accrued interest of \$187,764 (2019 - \$nil).

Name	Note	February 28, 2021	May 31, 2020
		\$	\$
Michael Wiener	15	56,234	-
1909203 Ontario Inc.	15	3,859,584	-
Mark Forster	15	44,988	-
		3,960,806	-

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**21. ACQUISITION OF NON-CONTROLLING INTEREST****SublimeCulture Inc.**

In June 2020, the Company completed the purchase of SublimeCulture by acquiring 250,000 Class A shares of SublimeCulture Inc. being the remaining 25% of SublimeCulture's total issued and outstanding share capital. The Company now owns 100% of the cannabis cultivator. In exchange for the remaining 25% of SublimeCulture, the Company paid \$250,000 in cash and issued 5,150,000 MYM common shares (Note 16) and transferred ownership of a partially constructed greenhouse.

**CannaCanada Inc.**

In June 2020, the Company acquired 70,000 Class B1 shares of CannaCanada being the remaining 7% of CannaCanada's total issued and outstanding share capital. The Company now owns 100% of CannaCanada. The Company received 3% of CannaCanada as part of the acquisition of the 25% minority interest in SublimeCulture. In addition, as part of the exchange for the final 4% of CannaCanada, the Company paid \$50,000 and transferred the two houses in Weedon (used for offices and accommodation) that were previously classified as held for sale (Note 10).

**22. MANAGEMENT OF CAPITAL**

The Company's objectives when managing its capital are to have sufficient working capital to support and grow Highland & Sublime. The Company does not have any externally imposed capital requirements to which it is subject (other than those related to the Loan Facility).

As at February 28, 2021, the Company had capital resources consisting of cash and cash equivalents. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to raise new equity and/or debt capital.

The Board of Directors has not established quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate.

The Company is dependent on cash flows generated from its operations and from external financing to fund its activities. In order to maintain or adjust its capital structure, the Company may issue new shares or debt.

As at February 28, 2021, the Company was subject to externally imposed capital requirements on the Loan Facility. As at February 28, 2021, the Company was in compliance with all financial covenants associated with the Loan Facility.

**23. EVENTS AFTER THE REPORTING PERIOD****Warrants**

Subsequent to February 28, 2021, 4,571,408 common shares were issued pursuant to the exercise of warrants with an exercise price of \$0.10 per common share.

**IM Cannabis to Acquire MYM Nutraceuticals**

On April 1, 2021, the Company announced in a joint press release that MYM has agreed to be acquired by IM Cannabis Corp. ("IMC") pursuant to the terms and subject to the conditions of a definitive arrangement agreement (the "Arrangement Agreement") dated March 31, 2021 between MYM, IMC and Trichome Financial Corp. ("Trichome") (the "Transaction").

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**23. EVENTS AFTER THE REPORTING PERIOD (continued)**

Under the terms of the Arrangement Agreement, the shareholders of MYM will receive 0.022 common shares of IMC ("IMC Shares") for each common share of MYM ("MYM Shares"), representing a price of \$0.195 per MYM Share based on respective closing prices of IMC and MYM on March 31, 2021. Upon the completion of the Transaction, MYM shareholders will own approximately 14.5% of IMC.

The Transaction will require the approval of (i) two-thirds of the votes cast by shareholders of MYM and holders of exchangeable shares exchangeable into MYM Shares, voting together as a single class; and (ii) a majority of the minority vote in accordance with Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions. Each of MYM's directors and officers, certain shareholders of MYM, and exchangeable shareholder Biome Grow Inc., who together currently hold approximately 44.4% of the MYM Shares (assuming the exchange of all MYM exchangeable shares), have entered into voting and support agreements to vote their MYM Shares in favour of the Transaction and lock-up agreements restricting the resale of the IMC Shares to be owned by such persons upon closing of the Transaction to a staggered 1/6 release per month of such shares for a period of 6 months.

The Arrangement Agreement includes customary representations, warranties and covenants, including covenants of MYM not to solicit other acquisition proposals and the right of IMC to match any superior proposals. A termination fee of \$1.2 million will be paid to IMC in certain circumstances should the Transaction not be completed.

Concurrently with signing the Arrangement Agreement, MYM, IMC and 1909203 Ontario Inc. (the "Facility Lender") entered a settlement agreement pursuant to which \$4,500,000 principal amount of debt owed by MYM to the Company Lender, plus accrued interest to the date of closing and a prepayment penalty, will be settled in exchange for securities in IMC on closing of the Transaction. In full settlement for the debt owing at such time, IMC will issue to the Facility Lender on closing:

- (1) common share purchase warrants to purchase, for a term of thirty-six months from the date of issuance of the warrants, 155,340 IMC Shares at a price equal to the lower of 120% of (x) the closing price of the IMC Shares on the Canadian Securities Exchange on March 31, 2021, being \$8.86, or (y) the closing price of the IMC Shares on the Canadian Securities Exchange on the trading date immediately prior to closing of the Transaction; and
- (2) IMC Shares equal to (i) the amount owing to the Facility Lender as of the closing date of the Transaction divided by (ii) a price equal to 85% of the lesser of (x) the closing price of the IMC Shares on the Canadian Securities Exchange on March 31, 2021, being \$8.86, or (y) the closing price of the IMC Shares on the Canadian Securities Exchange on the trading day immediately prior to closing of the Transaction.

See also Note 15.

**Sale of Weedon Land**

On April 26, 2021, the Company completed the sale of the Weedon Lands held for sale for net proceeds of \$276,627 after fees and tax adjustments.