



CITATION GROWTH CORP.
(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended March 31, 2020 and 2019
(Expressed in thousands of Canadian Dollars)

Independent Auditors' Report

To the Shareholders of:
CITATION GROWTH CORPORATION
(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Opinion

We have audited the consolidated financial statements of **Citation Growth Corporation** (formerly Liht Cannabis Corp. and Marapharm Ventures Inc.) ("the Company"), which comprise the consolidated statements of financial position as at March 31, 2020 and 2019 and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of \$39,959 during the year ended March 31, 2020, and as of that date, had accumulated losses since inception of \$98,622. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty regarding the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis. Our opinion on the consolidated financial statements does not cover the other information and will not express any form of assurance conclusion thereon.

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

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management and Those Charged with Governance for the Consolidated financial statements

SERVICE

INTEGRITY

TRUST



SUITE 420

1501 WEST BROADWAY

VANCOUVER, BRITISH COLUMBIA

CANADA V6J 4Z6

TEL: (604) 428-1866

FAX: (604) 428-0513

WWW.WDMCA.COM

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated financial statements

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mike Kao.

WDM

Chartered Professional Accountants

Vancouver, B.C., Canada

September 4, 2020



CITATION GROWTH CORP.

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Consolidated Statements of Financial Position

March 31, 2020 and 2019

In thousands of Canadian dollars except for share data

	Notes	2020	2019
		\$	(Note 10(b)) \$
Assets			
Current assets			
Cash		49	107
Accounts receivable		84	258
Share subscriptions receivable	14(b)(i)	-	198
Biological assets	5	383	204
Inventory	6	337	464
Prepaid expenses and deposits		693	751
Derivative asset	11	-	1
Assets held for sale	10	11,232	9,786
		12,778	11,769
Property, plant and equipment	7	11,073	16,941
Intangible assets	9	11,912	20,036
Deferred Tax Asset	23(b)	192	-
		35,955	48,746
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		5,270	1,854
Income tax payable		255	-
Loans and borrowings	12	1,000	2,929
Convertible debentures	13	3,851	3,503
Current portion of lease liabilities	4	102	-
Derivative liabilities	13	208	1,126
Liabilities associated with assets held for sale	10	6,532	2,744
		17,218	12,156
Lease liabilities	4	6	-
Convertible debentures	13	391	-
Deferred Tax Liability	23(b)	702	-
		18,317	12,156
Shareholders' equity			
Share Capital	14	106,672	86,645
Reserves		7,810	8,992
Accumulated other comprehensive loss		1,778	833
Deficit		(98,622)	(59,880)
		17,638	36,590
		35,955	48,746

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

Nature of operations and ability to continue as a going concern (Note 1)

Commitments and contingencies (Notes 8(a),(b), 18)

Segmented information (Note 19)

Subsequent events (Notes 8, 20, 24)

Approved on behalf of the Board:

"Erik Anderson"

Erik Anderson, Director

"Marcel LeBlanc"

Marcel LeBlanc, Director

CITATION GROWTH CORP.

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Consolidated Statements of Comprehensive Loss

For the Years Ended March 31, 2020 and 2019

In thousands of Canadian dollars except for share data

	Notes	2020	2019 (Note 10(b))
		\$	\$
Revenues		2,610	1,460
Excise taxes		(342)	-
Net revenue		2,268	1,460
Cost of sales		1,671	1,036
Gross profit before fair value adjustments		597	424
Change in fair value of inventory sold		(592)	-
Unrealized gain on changes in fair value of biological assets	5	544	148
Gross profit		549	572
Expenses			
General and administrative expenses	15, 17(b)	6,421	16,700
Depreciation and amortization	7, 9	733	835
Share-based compensation	14(b)(viii),(e), (f)	4,285	4,787
		11,439	22,322
Loss from operations		(10,890)	(21,750)
Other income (expenses)			
Finance and other costs	16	(2,309)	(1,048)
Foreign exchange loss		(110)	(60)
Loss on sale of marketable securities		-	(211)
Gain on sale of shares of associate	11	-	48
Share of loss in investment in associate	11	-	(259)
Gain on deemed disposal of investment in associate		-	1,184
Realized and unrealized losses on derivative asset	11	(1)	(2,471)
Write-off of loan receivable		-	(346)
Impairment of property, plant and equipment	7	-	(2,271)
Impairment of intangible assets	9	(9,211)	(1,984)
Impairment of assets held for sale	10(a)	(3,510)	-
Impairment on investment	8(d)	(305)	-
Unrealized gain (loss) on derivative liabilities	13	1,671	(260)
Loss on sale of property, plant and equipment	7	(537)	-
Loss on deemed disposal of subsidiary	8(a)	(12,253)	-
Gain on settlement of debt	14(b)(iv)	14	5
		(26,551)	(7,673)
Loss before income taxes		(37,441)	(29,423)
Current income tax expense	23(a)	(255)	-
Future income tax expense	23(a)	(510)	-
Net loss from continuing operations		(38,206)	(29,423)
Net loss from discontinued operations	8(a)	(1,753)	-
Net loss for the year		(39,959)	(29,423)
Other comprehensive income			
Foreign currency translation		945	695
Comprehensive loss		(39,014)	(28,728)
Net loss per share, basic and diluted		(0.41)	(0.65)
Weighted average number of shares outstanding, basic and diluted		93,964,057	45,522,831

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

CITATION GROWTH CORP.

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Consolidated Statements of Changes in Equity

For the Years Ended March 31, 2020 and 2019

In thousands of Canadian dollars except for share data

	Note	Share Capital		Reserves				Total Reserves	Accumulated other comprehensive loss	Deficit	Total Equity
		Common Shares	Amount	Treasury Reserve	Stock Options	Share Purchase Warrants	Contributed Surplus				
		#	\$		\$	\$	\$	\$	\$	\$	
Balance, March 31, 2018		27,921,455	48,446	-	2,207	4,737	-	6,944	138	(33,945)	21,583
Shares issued for cash	14(b)(i)	5,394,452	10,496	-	-	-	-	-	-	-	10,496
Residual value of warrants	14(b)(i)	-	(301)	-	-	301	-	301	-	-	-
Share issuance costs		16,079	(57)	-	-	1	-	1	-	-	(56)
Shares issued for acquisitions	14(b)(ii)	23,797,849	22,096	-	-	860	-	860	-	-	22,956
Shares issued for services	14(b)(iii)	2,982,174	3,761	-	-	-	-	-	-	-	3,761
Shares issued for debt	14(b)(iv)	162,500	126	-	-	-	-	-	-	-	126
Exercise of stock options	14(b)(vi)	475,000	1,033	-	(262)	-	-	(262)	-	-	771
Exercise of warrants	14(b)(v)	175,000	200	-	-	(60)	-	(60)	-	-	140
Conversion of debentures	14(b)(ix)	732,900	739	-	-	-	-	-	-	-	739
Redemption of restricted share units	14(b)(vii)	38,624	106	-	-	-	-	-	-	-	106
Share-based compensation	14(e)	-	-	-	4,681	-	-	4,681	-	-	4,681
Forfeited stock options and warrants		-	-	-	(3,421)	(67)	-	(3,488)	-	3,488	-
Finders' warrants		-	-	-	-	15	-	15	-	-	15
Comprehensive loss for the year		-	-	-	-	-	-	-	695	(29,423)	(28,728)
Balance, March 31, 2019		61,696,033	86,645	-	3,205	5,787	-	8,992	833	(59,880)	36,590
Adoption of IFRS 16	4	-	-	-	-	-	-	-	-	(43)	(43)
Balance, April 1, 2019		61,696,033	86,645	-	3,205	5,787	-	8,992	833	(59,923)	36,547
Share consolidation rounding		33	-	-	-	-	-	-	-	-	-
Shares issued for cash	14(b)(i)	6,398,793	1,502	-	-	-	-	-	-	-	1,502
Residual value of warrants	14(b)(i)	-	(56)	-	-	56	-	56	-	-	-
Shares issued for acquisitions	14(b)(ii)	38,346,250	12,957	-	-	592	-	592	-	-	13,549
Shares issued for debt	14(b)(iv)	2,102,274	387	-	-	-	-	-	-	-	387
Shares issued for services	14(b)(iii)	6,850,000	1,482	-	-	-	-	-	-	-	1,482
Performance and retention bonus shares	14(b)(viii)	3,100,000	1,036	-	(1,036)	-	-	(1,036)	-	-	-
Conversion of debentures	14(b)(ix)	766,264	389	-	-	-	-	-	-	-	389
Warrants issued for amended debentures	13(b),14(c)	-	-	-	-	283	-	283	-	-	283
Redemption of restricted share units	14(b)(vii)	3,810,000	2,528	-	(2,528)	-	-	(2,528)	-	-	-
Shares returned to treasury	14(b)(i)	(62,500)	(198)	-	-	-	-	-	-	-	(198)
Shares to be returned to treasury	8(a)	-	-	(1,574)	-	-	-	(1,574)	-	-	(1,574)
Share-based compensation	14((b)(viii),(e),(f)	-	-	-	4,285	-	-	4,285	-	-	4,285
Forfeited stock options and warrants		-	-	-	(1,228)	(592)	560	(1,260)	-	1,260	-
Comprehensive loss for the year		-	-	-	-	-	-	-	945	(39,959)	(39,014)
Balance, March 31, 2020		123,007,147	106,672	(1,574)	2,698	6,126	560	7,810	1,778	(98,622)	17,638

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

CITATION GROWTH CORP.

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Consolidated Statements of Cash Flows

For the Years Ended March 31, 2020 and 2019

In thousands of Canadian dollars except for share data

	Notes	2020	2019 (Note 10(b))
		\$	\$
Operating activities			
Net loss from continuing operations		(38,206)	(28,178)
Non-cash items			
Unrealized gain on changes in fair value of biological assets	5	(544)	(148)
Change in fair value of inventory sold		592	-
Depreciation, amortization and impairment	7, 9	14,937	4,187
Share-based compensation	14(b)(viii)(e),(f)	4,285	4,787
Accretion expense	4, 16	1,223	702
Accrued interest expense		1,007	140
Future tax expense	23(b)	510	-
Loss on sale of marketable securities		-	211
Loss on sale of property, plant and equipment		537	-
Loss on deemed disposal of subsidiary		10,662	-
Gain on sale of shares of associate company		-	(48)
Share of loss in investment in associate		-	259
Gain on deemed disposal of investment in associate		-	(1,184)
Realized and unrealized losses on derivative asset		1	2,471
Unrealized gain on derivative liabilities	13	(1,671)	260
Gain on settlement of debt	14(b)(iv)	(14)	(5)
Warrants issued for amended debentures	13(b)	64	-
Write-off of loan receivable		-	346
Finder's shares issued for business acquisition		1,219	-
Shares issued for debenture interest		4	-
Shares issued for services	14(b)(iii)	1,482	3,761
		(3,912)	(12,439)
Changes in non-cash working capital			
Accounts receivable		(22)	(183)
Biological assets		(1,495)	(506)
Inventory		637	46
Prepaid expenses and deposits		(137)	2,366
Accounts payable and accrued liabilities		2,044	(1,616)
Income tax payable		255	-
Net cash used in operating activities		(2,630)	(12,332)
Investing activities			
Acquisition of property, plant and equipment	7	(862)	(11,518)
Proceeds from sale of property, plant and equipment, net	7	600	-
Acquisition of intangible assets	9	(253)	(202)
Cash acquired on acquisition		-	1,900
Net cash used in investing activities		(515)	(9,820)
Financing activities			
Loans receivable		-	(310)
Proceeds on sale of shares of associate		-	1,030
Loans and borrowings	12	1,193	4,993
Proceeds of convertible debentures, net of issuance costs	13(c)	488	3,210
Repayment of lease liabilities	4	(125)	-
Shares issued for cash, net of issuance costs	14(b)	1,502	12,707
Net cash provided by financing activities		3,058	21,630
Net cash used in continuing operations		(87)	(522)
Net cash used in discontinued operations		(47)	(297)
Effect of foreign currency translation on cash		76	111
Decrease in cash		(58)	(708)
Cash, beginning of the year		107	815
Cash, end of the year		49	107
Supplemental cash flow information:			
Addition to Property, plant and equipment included in accounts payable		1,338	1,251
Interest paid		123	268

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

CITATION GROWTH CORP.

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Notes to the Consolidated Financial Statements

Years Ended March 31, 2020 and 2019

In thousands of Canadian dollars, except for share data, unless otherwise noted

1. Nature of operations and going concern

Citation Growth Corp. (formerly Liht Cannabis Corp. and Marapharm Ventures Inc.) (the "Company") is governed by the *Business Corporations Act* (British Columbia). The head office is located at Suite 102 – 1561 Sutherland Avenue, Kelowna, British Columbia, Canada V1Y 5Y7. The Company's common shares are traded on the Canadian Stock Exchange ("CSE") under the trading symbol "CGRO" and OTCQX markets under the ticker symbol "CGOTF".

On October 24, 2018, the Company changed its name from Marapharm Ventures Inc. to Liht Cannabis Corp. and on June 7, 2019, changed its name to Citation Growth Corp.

The Company is in the business of cultivation and production of medical and recreational marijuana with operations in the United States, in the states of Nevada and California. The Company has six state approved licenses in Nevada which consist of medical and recreational marijuana cultivation licenses, medical and recreational production licenses, medical cannabis licenses associated with lands owned in Washington, and a distribution license with a dispensary in California. The Company also has a pending application with Health Canada to become a licensed producer under the *Cannabis Act* (Canada) ("Cannabis Act").

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company has incurred losses and negative operating cash flows since inception. As at March 31, 2020, the Company had accumulated deficit of \$98,622 (2019 - \$59,880) and working capital deficiency of \$4,440 (2019 - \$387). The Company's ability to continue as a going concern is dependent on obtaining continued financial support, securing debt and/or equity financing and generating profitable operations in the future. Management is committed to raising additional capital to meet its financial obligations and commitments, fund its growth initiatives, capital expenditures and sustain its operations in the normal course of business. Although the Company has raised funds in the past, there can be no assurance that the Company will be able to secure additional financing.

These factors indicate the existence of a material uncertainty regarding the Company's ability to continue as a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values and classifications of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

On June 12, 2019, the Company completed a consolidation of its issued and outstanding shares on the basis of four (4) pre-consolidation common shares for one (1) post-consolidation common share (the "Share Consolidation"). As a result of the Share Consolidation, the 247,875,997 common shares issued and outstanding at June 12, 2019 were consolidated to 61,969,066 common shares. All information in these consolidated financial statements is presented on a post Share Consolidation basis.

CITATION GROWTH CORP.

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Notes to the Consolidated Financial Statements

Years Ended March 31, 2020 and 2019

In thousands of Canadian dollars, except for share data, unless otherwise noted

2. Significant accounting policies

(a) Basis of presentation

These consolidated financial statements (“consolidated financial statements”) have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”) in effect for the year ended March 31, 2020.

These consolidated financial statements were approved and authorized for issue by the Board of Directors on September 4, 2020.

(b) Basis of consolidation

These consolidated financial statements include the accounts of the Company and the following wholly owned subsidiaries (collectively, the “Company”). Intercompany balances and transactions are eliminated on consolidation.

Entity	Country of Incorporation	Ownership	Functional Currency
Marapharm Inc.	Canada	100%	Canadian Dollar
Full Spectrum Medicinal Inc. (“Full Spectrum”)	Canada	100%	Canadian Dollar
Marapharm Las Vegas LLC (“MLV”)	United States	100%	U.S. Dollar
Marapharm Washington LLC (“MWA”)	United States	100%	U.S. Dollar
EcoNevada LLC (“EcoNevada”)	United States	100%	U.S. Dollar
Phenofarm NV LLC (“Phenofarm”)	United States	100%	U.S. Dollar
ACC C Corp. (“ACC”) (See Note 8(a))	United States	0%/100%	U.S. Dollar
Marapharm DHS California LLC (“MDHS”)	United States	100%	U.S. Dollar
420 Express Delivery Inc., dba, Green Leaf Wellness LLC (“Green Leaf”)	United States	100%	U.S. Dollar

(c) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, biological assets and other investments which are measured at fair value.

(d) Foreign currency translation

These consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the parent company. The functional currencies of the Company’s subsidiaries are outlined in Note 2(b).

Foreign currency transactions are translated into Canadian dollars using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the consolidated statement of financial position date are translated to Canadian dollars at the foreign exchange rate applicable at that date. Realized and unrealized exchange gains and losses are recognized in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

CITATION GROWTH CORP.

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Notes to the Consolidated Financial Statements

Years Ended March 31, 2020 and 2019

In thousands of Canadian dollars, except for share data, unless otherwise noted

2. Significant accounting policies (continued)

(d) Foreign currency translation (continued)

The assets and liabilities of foreign operations are translated into Canadian dollars at period end exchange rates. Income and expenses, and cash flows of foreign operations are translated into Canadian dollars using average exchange rates. Exchange differences arising on the translation of foreign operations are recognized in other comprehensive income and accumulated in equity.

(e) Biological assets

The Company measures biological assets consisting of cannabis plants at fair value less cost to sell up to the point of harvest, which becomes the initial basis for the cost of finished goods inventories after harvest. Seeds are measured at fair market value. Unrealized gains or losses arising from the changes in fair value less cost to sell during the period are included in the results of operations for the related period.

(f) Inventory

Inventories for finished goods, packaging and supplies are initially valued at cost and subsequently at the lower of cost and net realizable value. Inventories of harvested cannabis are transferred from biological assets into inventory at their fair value at harvest less costs to sell, which is deemed to be their cost. Any subsequent post-harvest costs are capitalized to inventory to the extent that cost is less than net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs to sell.

(g) Investment in associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but without control or joint control over those decisions. Significant influence is presumed to exist when the Company holds between 20% and 50% of the voting rights of another entity.

The Company accounts for an associate using the equity method of accounting. Interest in an associate is initially recognized at cost and subsequently adjusted for the Company's share of comprehensive income or loss and distributions of the investee. When the Company's share of losses exceeds the Company's carrying value of the investment, the Company discontinues recognizing its share of further losses. The carrying value of the associate is assessed for impairment at each reporting date.

Upon loss of significant influence over an associate, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the investment and the fair value of the retained investment or proceeds from disposal of the investment is recognized in profit or loss.

(h) Business combinations and asset acquisitions

Acquisitions of businesses are accounted for using the acquisition method. The cost of a business combination is measured as the sum of the acquisition-date fair values of the assets transferred, liabilities incurred or assumed, and equity instruments issued in exchange for control of the acquiree. The Company recognizes identifiable assets acquired and liabilities assumed at their acquisition date fair values. Acquisition related costs are expensed to profit or loss.

CITATION GROWTH CORP.

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Notes to the Consolidated Financial Statements

Years Ended March 31, 2020 and 2019

In thousands of Canadian dollars, except for share data, unless otherwise noted

2. Significant accounting policies (continued)

(h) Business combinations and asset acquisitions (continued)

Acquisitions that do not meet the definition of a business combination are accounted for as an asset acquisition. The cost of an asset acquisition is allocated to the individual identifiable assets acquired and liabilities assumed based on their relative fair values. Asset acquisitions do not give rise to goodwill.

(i) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Land	Not depreciated
Furniture and equipment	3 to 5 years
Buildings and leasehold improvements	5 - 30 years

Depreciation for property, plant and equipment commences when they become available for use. Expenditures for plant under construction are capitalized and will be depreciated over the life of the asset, commencing at the time the asset is ready for its intended use. The different components of property, plant and equipment are recognized separately when their useful lives are materially different and such components are depreciated separately in profit or loss.

Borrowing costs directly attributable to properties acquired and under construction are capitalized (Note 12). Upon the asset becoming available for use, capitalized borrowing costs, as a portion of the total cost of the asset, are depreciated over the estimated useful life of the related asset.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Gains and losses on disposal of property and equipment are determined by comparing the proceeds from disposal with the carrying amount and recognized in profit or loss.

(j) Intangible assets

Intangible assets are recorded at cost less accumulated amortization and impairment losses. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Amortization is provided on a straight-line basis over their estimated useful lives which do not exceed the contractual period, if any, as follows:

Marijuana licenses	Useful life of the facility or term of lease
Intellectual property	Useful life of the facility
Sublease rights and options	Term of lease

Intangible assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The estimated useful lives, residual values, and amortization methods are reviewed at each year end, and any changes in estimates are accounted for prospectively.

An intangible asset is derecognized on disposal or when no future economic benefits are expected from use or disposal. Any gain or loss arising from the de-recognition is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in profit or loss.

CITATION GROWTH CORP.

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Notes to the Consolidated Financial Statements

Years Ended March 31, 2020 and 2019

In thousands of Canadian dollars, except for share data, unless otherwise noted

2. Significant accounting policies (continued)

(k) Impairment of property, plant and equipment and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Individual assets are grouped together as a cash generating unit for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are independent from other group assets

If any such indication of impairment exists, the Company makes an estimate of its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. Where the carrying amount of a cash generating unit exceeds its recoverable amount, the cash generating unit is considered impaired and is written down to its recoverable amount. In assessing the value in use, the estimated future cash flows are adjusted for the risks specific to the cash generating unit and are discounted to their present value with a discount rate that reflects the current market indicators.

Where an impairment loss subsequently reverses, the carrying amount of the cash generating unit is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the cash generating unit in prior years. A reversal of an impairment loss is recognized as income immediately.

(l) Goodwill

Goodwill represents the excess of the purchase price paid for the acquisition of an entity over the fair value of the net identifiable tangible and intangible assets and liabilities acquired. Goodwill is allocated to the cash generating unit (“CGU”) or CGUs to which it relates. Currently, the Company has one reportable segment. The Company has determined that the goodwill associated with all acquisitions belongs to this segment as this is the lowest level at which management monitors goodwill. Goodwill is measured at historical cost and is evaluated for impairment annually in the fourth quarter or more often if events or circumstances indicate there may be an impairment. CGUs have been grouped for purposes of impairment testing. Impairment is determined for goodwill by assessing if the carrying value of CGUs, including goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell and the value in use. Impairment losses recognized in respect of the CGUs are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGUs. Any goodwill impairment is recorded in profit and loss in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed.

(m) Assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The asset must be available for immediate sale in its present condition, its sale must be highly probable and expected to be completed within one year from the date of classification.

When there is a plan to sell involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Company will retain a non-controlling interest in its former subsidiary after the sale.

CITATION GROWTH CORP.

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Notes to the Consolidated Financial Statements

Years Ended March 31, 2020 and 2019

In thousands of Canadian dollars, except for share data, unless otherwise noted

2. Significant accounting policies (continued)

(m) Assets held for sale (continued)

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and their fair value less costs to sell. Any excess of the carrying amount over the fair value less costs to sell is recognized as an impairment loss. Depreciation of such assets is discontinued as from their classification as held for sale. Prior period consolidated statements of financial position are not restated to reflect the new classification of a non-current asset (or a disposal group) as held for sale.

(n) Share capital

Cash consideration received from the issuance of units, consisting of common shares and share purchase warrants, are first allocated to common shares based on the quoted market value of the common shares at the time the units are priced, and the balance, if any, is allocated to the attached warrants under the residual method. Share issue costs are netted against share capital. Proceeds received for shares that have not yet been issued as at the reporting date are recorded as share subscriptions.

Shares issued for non-monetary consideration are recorded at fair value of the goods or services received. When such fair value cannot be estimated reliably, fair value is measured based on the quoted market value of the Company's shares on the date of share issuance.

(o) Loss per share

Loss per share is calculated using the weighted average number of common shares issued and outstanding during the reporting period. Diluted loss per share is the same as basic loss per share, as the issuance of shares on the exercise of stock options and share purchase warrants is anti-dilutive.

(p) Share-based compensation

The fair value method of accounting is used for share-based compensation transactions. Under this method, the cost of stock options and finders' warrants is recorded based on the estimated fair value using the Black-Scholes option-pricing model at the grant date and charged to profit over the vesting period. The amount recognized as an expense is adjusted to reflect the number of equity instruments expected to vest.

Upon the exercise of stock options and finders' warrants, consideration received on the exercise of these equity instruments is recorded as share capital and the related share-based payment reserve is transferred to share capital.

Upon the expiry or cancellation of stock options and finders' warrants, their fair value previously recorded in reserve is transferred to deficit.

(q) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. As at March 31, 2020 and 2019, the Company has no material provisions.

CITATION GROWTH CORP.

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Notes to the Consolidated Financial Statements

Years Ended March 31, 2020 and 2019

In thousands of Canadian dollars, except for share data, unless otherwise noted

2. Significant accounting policies (continued)

(r) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue from the sale of goods is recognized when the Company has transferred the significant risks and rewards of ownership to the customer, the amount of revenue can be reliably measured and it is probable that the Company will receive the previously agreed upon payment. Significant risks and rewards are generally considered to be transferred when the Company has delivered the product to customers.

(s) Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

(i) Current income tax

Current income tax assets and/or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the consolidated financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred income tax

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

3. Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to exercise judgment and to make estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets, liabilities and disclosures. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

CITATION GROWTH CORP.

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Notes to the Consolidated Financial Statements

Years Ended March 31, 2020 and 2019

In thousands of Canadian dollars, except for share data, unless otherwise noted

3. Significant accounting judgments, estimates and assumptions (continued)

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

Significant estimates and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are described as follows.

(a) Biological assets and inventory

The Company measures biological assets consisting of cannabis on plants at fair value less cost to sell up to the point of harvest. Determining the fair value requires management to make a number of estimates, including costs incurred for each stage of growth of the plants up to the point of harvest, expected yield per plant, wastage of plants, selling prices per gram and post-harvest costs.

The Company measures inventory at the lower of cost and net realizable value and estimates the sales price, costs of completion and selling costs.

(b) Business combination

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. On initial recognition, the assets and liabilities of the acquired business and the consideration paid for them are included in the consolidated financial statements at their fair values. In measuring fair value, management uses estimates of future cash flows and discount rates. Any subsequent change in these estimates would affect the amount of goodwill if the change qualifies as a measurement period adjustment. Any other change would be recognized in the income statement in the subsequent period.

(c) Investment in associates

In determining the appropriate basis of accounting for the Company's interests in associates, judgment is applied regarding the degree to which the Company has the ability to exert influence directly or indirectly over the associate's financial and operating activities.

(d) Assets held for sale

Assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Among other conditions, management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. However, in some cases, an asset may remain classified as held for sale for a period exceeding one year if it remains unsold due to events or circumstances beyond the Company's control. If the recognition criteria for assets held for sale are no longer met or if management's plans change, the Company will cease to classify the assets as held for sale.

CITATION GROWTH CORP.

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Notes to the Consolidated Financial Statements

Years Ended March 31, 2020 and 2019

In thousands of Canadian dollars, except for share data, unless otherwise noted

3. Significant accounting judgments, estimates and assumptions (continued)

(e) Impairment of property, plant and equipment and intangible assets

An impairment loss is recognized for the amount by which the asset's or CGU's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. In addition, when determining the applicable discount rate, estimation is involved in determining the appropriate adjustments to market risk and asset-specific risk factors. These assumptions relate to future events and circumstances. Actual results may vary and may cause significant adjustments to the Company's assets within the next financial year.

(f) Useful lives of property, plant and equipment and intangible assets

Depreciation and amortization are dependent upon estimates of useful lives and impairment is dependent upon estimates of recoverable amounts. Management reviews the useful lives of property, plant and equipment and intangible assets at each reporting date and makes assessments of any impairment considering factors such as economic and market conditions, anticipated changes in laws and technological improvements.

(g) Share-based compensation

The fair value of share-based compensation is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

(h) Deferred tax assets

Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. The Company has recorded a full valuation allowance against its deferred tax assets due to the uncertainty in the realization of these assets.

4. Accounting standards adopted in the current year

IFRS 16 Leases

Effective April 1, 2019, the Company adopted IFRS 16 Leases ("IFRS 16"). IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for leases. The Company elected to apply IFRS 16 using a modified retrospective approach by recognizing the cumulative effect of adopting IFRS 16 in an adjustment to the opening statement of financial position at April 1, 2019. The comparative information was not restated and remains as previously reported under IAS 17 Leases.

CITATION GROWTH CORP.

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Notes to the Consolidated Financial Statements

Years Ended March 31, 2020 and 2019

In thousands of Canadian dollars, except for share data, unless otherwise noted

4. Accounting standards adopted in the current year (continued)

IFRS 16 Leases

At the inception of a contract, the Company assesses whether a contract is, or contains a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset over a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether it has the right to obtain substantially all of the economic benefits from the use of the asset during the term of the contract and if it has the right to direct the use of the asset.

The Company recognizes a right-of-use asset, which is included in property, plant and equipment, and a lease liability at the commencement date of the lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. The right-of-use asset may be reduced for impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments not paid at the commencement date, discounted by the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method.

Lease payments included in the measurement of the lease liability are comprised of fixed payments, variable lease payments, lease payments in any optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for any early termination of a lease unless the Company is reasonably certain not to terminate early.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

On adoption of IFRS 16, the Company recorded right-of-use assets of \$384 within property, plant and equipment and lease liabilities of \$155 as at April 1, 2019. The weighted average incremental borrowing rate for lease liabilities initially recognized as of April 1, 2019 was 12%.

	\$
As at March 31, 2019	-
Adoption of IFRS 16	
Future aggregate minimum lease payments under operating leases as at April 1, 2019	420
Effect of discounting at the incremental borrowing rate	(265)
Lease liabilities arising on initial application of IFRS 16	155
Lease liability recognized during the year ended March 31, 2020	59
Cash principal and interest payments	(125)
Accretion	15
Foreign exchange	4
As at March 31, 2020	108
Less: current portion	102
	6

CITATION GROWTH CORP.

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Notes to the Consolidated Financial Statements

Years Ended March 31, 2020 and 2019

In thousands of Canadian dollars, except for share data, unless otherwise noted

5. Biological assets

The Company's biological assets consist of cannabis seeds and cannabis plants. The changes in the carrying value of biological assets are as follows:

	\$
Carrying amount, March 31, 2018	-
Production costs capitalized	506
Changes in fair value less cost to sell due to biological transformation	43
Transferred to inventory upon harvest	(353)
Foreign currency	8
Carrying amount, March 31, 2019	204
Genetics purchased	26
Production costs capitalized	1,495
Changes in fair value less cost to sell due to biological transformation	544
Transferred to inventory upon harvest	(1,907)
Foreign currency	21
Carrying amount, March 31, 2020	383

As at March 31, 2020, the fair value of biological assets included \$7 in seeds and \$376 in cannabis plants, and the weighted average fair value less cost to complete and cost to sell was \$4.62 per gram.

Biological assets are classified as level 3 on the fair value hierarchy. Significant unobservable inputs used to fair value biological assets include the Company's selling price per gram of dried cannabis and yield of cannabis per plant. The Company expects that a \$1.00 increase or decrease in the selling price per gram of dried cannabis would increase or decrease the fair value of biological assets by \$115. A 10% increase or decrease in the estimated yield per cannabis plant would result in an increase or decrease in the fair value of biological assets by \$38. Other unobservable inputs are less variable and will not result in significantly higher or lower fair value measurement.

During the year ended March 31, 2020, the Company produced approximately 436,275 grams of dried cannabis. As of March 31, 2020, the biological assets were on average 71% complete and it was expected that the Company's biological assets would yield approximately 115,410 grams of cannabis when harvested. The Company's estimates are, by their nature, subject to change. Changes in the anticipated yield will be reflected in future changes in the fair values of biological assets.

6. Inventory

	2020	2019
	\$	\$
Harvested cannabis	281	464
Finished goods	56	-
	337	464

CITATION GROWTH CORP.

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Notes to the Consolidated Financial Statements

Years Ended March 31, 2020 and 2019

In thousands of Canadian dollars, except for share data, unless otherwise noted

7. Property, plant and equipment

	Land	Furniture & equipment	Buildings and leasehold improvements	Buildings under construction	Right-of-use of assets	Total
	\$	\$	\$	\$	\$	\$
Cost						
Balance, March 31, 2018	4,264	1,554	535	7,228	-	13,581
Additions	715	2,349	3	11,871	-	14,938
Foreign currency	65	63	18	414	-	560
Buildings completed	-	-	8,504	(8,504)	-	-
Reclassified to assets held for sale (Note 10(a)(b))	(3,059)	(33)	(520)	(7,236)	-	(10,848)
Balance, March 31, 2019	1,985	3,933	8,540	3,773	-	18,231
IFRS 16 adoption (Note 4)	-	-	-	-	384	384
Balance, April 1, 2019	1,985	3,933	8,540	3,773	384	18,615
Reclassified from (to) assets held for sale (Note 10(a)(b))	(315)	(2,094)	49	(3,423)	-	(5,783)
Additions	-	328	-	720	62	1,110
Disposition	(87)	-	(79)	(1,070)	-	(1,236)
Foreign currency	98	106	522	-	20	746
Balance, March 31, 2020	1,681	2,273	9,032	-	466	13,452
Accumulated depreciation and impairment losses						
Balance March 31, 2018	720	151	190	-	-	1,061
Depreciation	-	149	123	-	-	272
Impairment (Note 10(a))	1,011	185	-	1,075	-	2,271
Foreign currency	45	11	8	20	-	84
Reclassified to assets held for sale (Note 10(a)(b))	(1,030)	(12)	(261)	(1,095)	-	(2,398)
Balance March 31, 2019	746	484	60	-	-	1,290
IFRS 16 adoption (Note 4)	-	-	-	-	271	271
Balance, April 1, 2019	746	484	60	-	271	1,561
Reclassified from (to) assets held for sale (Note 10(a)(b))	-	12	23	-	-	35
Depreciation	-	206	374	-	95	675
Foreign currency	46	14	30	-	18	108
Balance, March 31, 2020	792	716	487	-	384	2,379
Carrying value						
Balance, March 31, 2019	1,239	3,449	8,480	3,773	-	16,941
Balance, March 31, 2020	889	1,557	8,545	-	82	11,073

As at March 31, 2020, costs related to the construction of production facilities were capitalized and not amortized. Amortization will commence when construction is completed, and the facility is available for its intended use. During the year ended March 31, 2020, \$261 (2019 - \$60) in borrowing costs were capitalized to buildings under construction at a weighted average interest rate of 9% (2019 - 9%).

During the year ended March 31, 2020, the Company disposed of land and buildings located in Magna Bay, British Columbia for gross proceeds of \$600. The Company recorded a loss of \$537 from the sale of the property.

CITATION GROWTH CORP.

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Notes to the Consolidated Financial Statements

Years Ended March 31, 2020 and 2019

In thousands of Canadian dollars, except for share data, unless otherwise noted

8. Business combination and asset acquisitions

	Business Combination ACC (a)	Asset acquisition Full Spectrum (b)	Tonasket, WA (c)
	\$	\$	\$
Consideration paid			
Cash	-	-	-
Common shares	11,653	18,959	2,520
Warrants	592	860	-
Acquisition costs – common shares	1,219	617	-
Acquisition costs – cash	-	4	-
	13,464	20,440	2,520
Net identifiable assets acquired (liabilities assumed)			
Cash	257	1,900	-
Accounts receivable	1,630	64	-
Due from a related party	1,951	-	-
Prepaid expenses	71	20	-
Biological assets	365	-	-
Inventory	197	-	-
Property, plant and equipment	5,345	2,168	-
Accounts payable and accrued liabilities	(2,824)	(254)	-
Due to related companies	(1,214)	-	-
Loans and borrowings	(7,114)	(475)	-
	(1,336)	3,423	-
Purchase price allocation			
Net identifiable assets acquired	(1,336)	3,423	-
Intangible assets – intellectual property	-	17,017	-
Intangible assets – sublease rights and options	-	-	2,520
Goodwill	14,800	-	-
	13,464	20,440	2,520

(a) ACC

On August 2, 2019, the Company completed the acquisition of ACC, a licensed cannabis cultivator in Nevada. The Company acquired all of the issued and outstanding shares of ACC for a total consideration of \$13,464 which comprised of 35,000,000 common shares at a fair value of \$11,653, 11,500,000 warrants at a fair value of \$592 and finders' fees of 3,250,000 common shares at a fair value of \$1,219.

The warrants are exercisable at \$2.50 per share expiring August 2, 2021, subject to acceleration if the volume weighted average price ("VWAP") of the Company's shares is greater than \$3.50 for a period of 10 consecutive trading days. The fair value of the 11,500,000 warrants at the date of acquisition was estimated at \$0.05 per warrant using the Black-Scholes option pricing model with the following assumptions: share price of \$0.37; risk-free rate of 1.41%; stock price volatility of 101.98%; dividend yield of 0%; and expected life of warrants of 2 years.

Of the 35,000,000 share consideration, 9,299,482 shares are held in escrow. (Note 14(g))

The purchase price was allocated based on management's preliminary assessment of the fair value of the identifiable assets acquired and liabilities assumed at the date of acquisition.

CITATION GROWTH CORP.

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Notes to the Consolidated Financial Statements

Years Ended March 31, 2020 and 2019

In thousands of Canadian dollars, except for share data, unless otherwise noted

8. Business combination and asset acquisitions (Continued)

(a) ACC (continued)

On January 13, 2020, Howard Misle resigned as CEO and director of the Company. On August 18, 2020, Howard Misle, the former CEO and director of the Company and the former controlling shareholder of ACC, entered into a settlement agreement with the Company to reacquire the legal title of ACC in return of 18,515,424 common shares of the Company. In addition, the Company agreed to pay (i) US\$650 on or before August 18, 2020 and (ii) US\$453 to be paid as follows: US\$75 (minimum) by February 17, 2021 and the balance in six equal monthly payments from March 15, 2021 to August 15, 2021. A total amount of \$1,456 (US\$1,103) has been accrued for the settlement. Pursuant to the settlement agreement, on its closing, ACC was dissolved.

As at March 31, 2020, an estimated fair value of \$1,574 for the 18,515,424 common shares was included in treasury reserve account. On August 25, 2020, 18,515,424 common shares were returned to treasury for cancellation.

On January 1, 2020, the Company lost its de facto control of ACC shortly followed by the resignation of Howard Misle, the former controlling shareholder of ACC, on January 13, 2020. As a result, the Company deconsolidated ACC and recognized a loss on deemed disposal of subsidiary of \$12,253 which consists of (i) \$10,982 from the settlement based on the net liabilities of \$3,023 of ACC as at January 1, 2020, (ii) \$221 of accounts receivable write off, (iii) \$901 of inventory write off, and (iv) \$149 of legal fees incurred during the acquisition.

Revenues and expenses related to the discontinuation of ACC, due to the loss of control, were eliminated from profit or loss from the Company's continuing operations and were shown as a single line item as follows:

	2020	2019
	\$	\$
Revenue, net of Excise taxes	604	-
Cost of sales	(1,378)	-
Gross loss before fair value adjustments	(774)	-
Change in fair value of inventory sold	(876)	-
Unrealized gain on changes in fair value of biological assets	1,157	-
Gross loss	(493)	-
General and administrative expenses	(1,260)	-
Net loss from discontinued operations	(1,753)	-

(b) Full Spectrum

On September 25, 2018, the Company completed the acquisition of all of the issued and outstanding securities of Full Spectrum for aggregate consideration of \$20,440 consisting of 22,045,525 common shares at a fair value of \$18,959, 9,945,000 share purchase warrants at a fair value of \$860 and acquisition costs of \$621 which consisted of \$4 in cash and 752,324 common shares at a fair value of \$617. The fair value of the 9,945,000 warrants at the date of acquisition was estimated at \$0.09 per warrant using the Black-Scholes option pricing model with the following assumptions: share price of \$0.21; risk-free rate of 2.19%; stock price volatility of 87%; dividend yield of 0%; and expected life of warrants of 1.50 year. The transaction was accounted for as an asset acquisition.

CITATION GROWTH CORP.

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Notes to the Consolidated Financial Statements

Years Ended March 31, 2020 and 2019

In thousands of Canadian dollars, except for share data, unless otherwise noted

8. Business combination and asset acquisitions (continued)

(b) Full Spectrum (continued)

Full Spectrum has developed organic cultivation methods, stand-alone proprietary technologies and supplemental power which reduces carbon emission and production costs, and owns a 40-acre property and cannabis growing facilities that are under construction located in Celistá, British Columbia. A total of ten 10,000 square foot engineered bio-secure facilities are to be constructed on the site. The Company plans to assign its pending late-stage license application under the Cannabis Act to Full Spectrum.

Joint Venture Agreements

(i) Celistá Project

On January 30, 2019, the Company, through Full Spectrum, entered into a joint venture agreement (the "Agreement") with 1186626 BC Ltd. ("118") to jointly develop the property located in Celistá, British Columbia (the "Celistá Project"). Under the Agreement, 118 will provide a capital contribution in the aggregate amount of \$10,000 (the "Contribution") (Note 10), to be delivered to the Company in four equal tranches of \$2,500 for the construction of ten 10,000 square foot cannabis cultivation facilities. The Contribution is secured and bears interest at prime plus 5% per annum, compounded monthly.

Pursuant to the Agreement, each of the Company and 118 was entitled to receive 50% of the distributable cashflow from the Celistá Project from the date of the agreement until the third year that all ten facilities are fully operational and in full production (the "Distribution"), and 100% to the Company thereafter. In the event that 118 defaults in payment of any portion of the Contribution, its entitlement to the Distribution was to be reduced by 12.5% for each tranche or portion not advanced to the Celistá Project until such time the default has been remedied.

On October 31, 2019, the Company entered into an amended agreement with 118 dated November 7, 2019 (the "Amended Agreement"). Under the terms of the Amended Agreement, the Contribution was changed to \$6,350 (the "Amended Contribution") with the funds to be used to complete the construction of the Company's 10,000 square foot cultivation facility. In addition, the Distribution ratio was amended to 80% to 118 and 20% to the Company until the first year anniversary that 118's Amended Contribution is fully repaid, and 100% to the Company thereafter. The Amended Agreement is subject to the Company keeping its Health Canada license application active pursuant to the Cannabis Act. In consideration of the Amended Agreement, the Company agreed to terminate the JV Agreement (Note 8(b)(ii)) and assign all of its interest in the Buds Agreement to 118. (Note 8(d))

On August 3, 2020, the Company entered into an Offer to Purchase agreement with respect to a proposed acquisition of the Celistá Project for a consideration of \$8,500. As at March 31, 2020, the assets and liabilities of Celistá Project, which includes land located in Celistá, BC, and the late-stage license application under the Cannabis Act, have been reclassified as held for sale. (Note 10)

(ii) Chase Project

On January 30, 2019, as amended on May 6, 2019, the Company, through Full Spectrum, entered into a joint venture agreement (the "JV Agreement") with 118 and 1196788 BC Ltd. ("119") to develop and operate cannabis production facilities located in Chase, British Columbia (the "Chase Project") through 119. 119 controlled by 118, purchased a 120 acre parcel of land while the Company is securing a license under the Cannabis Act for the Chase Project. (Note 8(d))

All capital contributions on the Chase Project will be paid by 118. Upon repayment of two-thirds of the total capital contributions to 118, 119 will issue 50% of its issued and outstanding shares to the Company such that 119 will be equally held by the Company and 118. In addition, a director of the Company will be appointed to the board of 119 resulting in both parties having a representation on the board of 119.

CITATION GROWTH CORP.

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Notes to the Consolidated Financial Statements

Years Ended March 31, 2020 and 2019

In thousands of Canadian dollars, except for share data, unless otherwise noted

8. Business combination and asset acquisitions (continued)

(b) Full Spectrum (continued)

Joint Venture Agreements

(ii) Chase Project (continued)

Under the agreement, the Company and 118 was entitled to 20% and 80%, respectively, of the net cashflows from the Chase Project if at the time of the distribution, 118 has not been repaid in full for all of its capital contributions. If at the time of distribution, 118 has been fully repaid, the distribution was to be 50% to each of the Company and 118. In consideration for the Amended Agreement, the JV Agreement was terminated. (Note 8(b)(i))

(c) Tonasket, Washington property

On May 29, 2018, the Company completed the acquisition of certain operational assets, leases, subleases and an option and right of first refusal ("ROFR") to purchase Washington State Liquor Cannabis Board ("WSLCB") Tier 2 and Tier 3 cultivation and processing licenses related to cannabis production and processing operations in Tonasket, Washington (the "Property"). In consideration for the acquisition, the Company issued 1,000,000 common shares of the Company at a fair value of \$2,520. The full amount of the purchase consideration was allocated to intangible assets, sublease and option agreements.

In March 2019, the Company decided not to pursue cannabis production operations in Washington and is currently negotiating for an assignment of its ownership interest in the Property to Veritas in the amount of \$900 in settlement of the Company's loan (Note 18(b)(i)). As a result, the Company wrote-down the carrying amount of the intangible asset by \$1,176 to its estimated fair value of \$900. The Company further wrote down the intangible asset to \$NIL as at March 31, 2020.

On April 12, 2018, the Company entered into a one-year loan agreement in the principal amount of \$189 (US\$150) at a rate of 8% per annum. The borrower is in the business of providing services to marijuana producers and processors licensed by the WSLCB and used the funds to carry out the necessary work for the Company to be able to immediately commence operations upon receipt of the WSLCB licenses. During the year ended March 31, 2019, the Company made additional aggregate advances of \$121 (US\$82) to the Borrower. In March 2019, the Company wrote-off aggregate loans and interests of \$310 (US\$232) as it was not pursuing cannabis operations in Washington.

(d) Buds for You Inc. ("Buds")

The Company, through Full Spectrum, entered into a Share Exchange Agreement (the "Buds Agreement") dated April 19, 2019 to acquire Buds, a late stage cannabis cultivation, processing and sales license applicant under the Cannabis Act (the "Buds License"). On the date of execution of the Agreement, the Company paid a non-refundable deposit of \$250 and issued 62,500 common shares at a fair value of \$55. The Company will acquire all of the issued and outstanding shares of Buds for an additional \$750 and a 5% perpetual gross royalty on net sales and other income from cannabis derived by the Company from the property location where Bud's license will be assigned to (Note 8(b)(ii)). The Company issued 33,750 common shares at a fair value of \$30 as a finder's fee for the transaction. The Company will transfer the Buds License to 119 on closing of the acquisition.

In consideration for the Amended Agreement, effective November 7, 2019, the Buds Agreement was assigned to 118. (Note 8(b)(i)) As a result, an impairment loss on investment of \$305 was recorded during the year ended March 31, 2020.

CITATION GROWTH CORP.

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Notes to the Consolidated Financial Statements

Years Ended March 31, 2020 and 2019

In thousands of Canadian dollars, except for share data, unless otherwise noted

9. Intangible assets

	Intellectual property	Marijuana licenses	Sublease right	Creation costs	Total
	\$	\$	\$	\$	\$
Cost					
Balance, March 31, 2018	-	3,912	574	30	4,516
Additions	17,017	198	2,520	-	19,735
Foreign exchange	-	146	-	1	147
Reclassified to held for sale (Note 10(b))	-	(2,102)	-	(27)	(2,129)
Balance, March 31, 2019	17,017	2,154	3,094	4	22,269
Reclassified from held for sale (Note 10(b))	-	2,102	-	27	2,129
Reclassified to held for sale (Note 8(b)(i))	-	(190)	-	-	(190)
Additions	-	253	-	-	253
Foreign exchange	-	330	-	2	332
Balance, March 31, 2020	17,017	4,649	3,094	33	24,793
Accumulated amortization and impairment losses					
Balance, March 31, 2018	-	-	574	6	580
Amortization	-	168	444	3	615
Impairment	-	-	1,176	-	1,176
Foreign exchange	-	2	-	3	5
Reclassified to held for sale (Note 10(b))	-	(135)	-	(8)	(143)
Balance, March 31, 2019	-	35	2,194	4	2,233
Reclassified from held for sale (Note 10(b))	-	959	-	8	967
Amortization	-	145	189	2	336
Impairment	8,500	-	711	-	9,211
Foreign exchange	-	134	-	-	134
Balance, March 31, 2020	8,500	1,273	3,094	14	12,881
Net book value					
Balance, March 31, 2019	17,017	2,119	900	-	20,036
Balance, March 31, 2020	8,517	3,376	-	19	11,912

During the year 2020, the Company recorded impairment charges to intellectual property in the amount of \$8,500 relating to the acquisition of Full Spectrum (Note 8(b)), and the sublease right in the amount of \$711 (2019 - \$1,176) relating to the Washington property held for sale. (Note 10(a))

10. Assets and liabilities held for sale

	2020	2019
	\$	\$
Lynden, Washington Property (a)	3,334	6,665
Land located at Desert Hot Springs, California (a)	1,844	1,737
Green Leaf assets (b)	-	1,384
Celista project (Note 8(b)(i))	6,054	-
Assets held for sale	11,232	9,786
Mortgage loan	3,192	2,539
Green Leaf liabilities	-	205
The contribution for Celista Project (Note 10(b)(i))	3,340	-
Liabilities associated with assets held for sale	6,532	2,744

CITATION GROWTH CORP.

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Notes to the Consolidated Financial Statements

Years Ended March 31, 2020 and 2019

In thousands of Canadian dollars, except for share data, unless otherwise noted

10. Assets and liabilities held for sale (continued)

- (a) The assets classified as held for sale consist of certain lands and buildings located in Washington and California which have been listed for sale. These assets are expected to be sold within a twelve-month period and are no longer productive assets as there is no interest to develop them for future use. During the year ended March 31, 2019, the Company wrote-down the carrying amount of these assets by \$2,125 (US\$1,590) to their aggregate estimated fair value of \$8,402 (US\$6,288) and transferred the balance from property, plant and equipment to assets held for sale. During the year ended March 31, 2020, the Company further wrote-down the carrying amount of these assets by \$3,510 (US\$2,638) to their aggregate estimated fair value of \$5,178 (US\$3,650).

The Company entered into a secured promissory note dated March 8, 2019 in the principal amount of \$2,539 (US\$1,900) (the “Debt”) which was used to purchase the Lynden property. The Debt bears interest at 15% per annum and repayable over a period of 12 months with a balloon payment at the end of twelve months. The principal amount may be extended for a period of 6 months for an extension fee of 2%. If the monthly payments are not paid within 5 days of the due date, a late fee of 10% will be charged to the Company. The Debt is secured by a Security Agreement, Assignment of Leases and Rents and a Fixture Financing Statement. The Debt proceeds were used to purchase the Lynden Property. The Debt is to be repaid as part of a sale transaction and has been included in liabilities associated with assets held for sale.

Subsequent to March 31, 2020, the Company disposed the properties for gross proceeds of US\$2,500. The Debt of US\$1,900 was fully settled and the Company entered into a new unsecured promissory note of US\$375 which bears interest of 12% per annum and repayable upon the earlier of (i) the receipt by Company of the US\$375 from the United States Internal Revenue Service after filing a successful application for a FIRPTA Withholding Certificate from the sale of the properties or (ii) nine months from the date of the promissory note.

- (b) On March 5, 2019, the Company entered into a Letter of Intent (the “LOI”) with respect to a proposed acquisition of a 51% ownership interest in Green Leaf for total consideration of US\$350. Under the LOI, the purchaser will carry out a rebranding of the dispensary valued at US\$250, and has a right of first refusal to purchase the remaining 49% of Green Leaf.

As a result of the LOI, as at March 31, 2019, Green Leaf’s assets and liabilities were classified as held for sale, and during the years ended March 31, 2019 and 2018, its revenues and expenses were eliminated from profit or loss of the Company’s continuing operations and were shown as a single item in the statements of comprehensive loss.

In June, 2019, due to the Company’s reorganization, management changed its plans regarding Green Leaf and terminated the LOI effective August 1, 2019. As a result, as at March 31, 2020, the Company ceased to classify Green Leaf as held for sale and its results of operations were reclassified and included in loss from continuing operations for all periods presented.

At the end of fiscal 2019, the Company intended to discontinue the operation of Green Leaf by pursuing the sale of Green Leaf. As a result, Green Leaf’s assets and liabilities were classified as assets held for sale and liabilities associated with assets held for sale. The operating results of Green Leaf were classified as gross profit on discontinued operations and loss on discontinued operations.

During fiscal 2020, the Company changed their original intent of discontinuing the operations of Green Leaf and decided to continue operating Green Leaf. As a result, the Company reclassified the prior period comparative figures of fiscal 2019 into the continued operation group.

CITATION GROWTH CORP.

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Notes to the Consolidated Financial Statements

Years Ended March 31, 2020 and 2019

In thousands of Canadian dollars, except for share data, unless otherwise noted

10. Assets and liabilities held for sale (continued)

The following assets and liabilities of Green Leaf as at March 31, 2019 previously classified as held for sale were included in assets and liabilities of continuing operation for fiscal 2019 comparative figures in the Statement of Financial Position:

	March 31, 2019
	\$
Cash	19
Accounts receivable	25
Prepaid expenses and deposits	31
Inventory	98
Property, plant and equipment	47
Intangible assets	1,164
Green Leaf's assets previously classified as Assets held for sale in the Statement of Financial Position for the year-ended March 31, 2019	1,384
Accounts payable and accrued liabilities	205
Green Leaf's liabilities previously classified as Liabilities associated with assets held for sale in the Statement of Financial Position for the year-ended March 31, 2019	205

The following were the operating results of Green Leaf for the fiscal 2019 previously classified as the operating result of discontinued operation in the Consolidated Statement of Comprehensive Loss for the year ended March 31, 2019. These were reclassified as operating results from continuing operation for fiscal 2019 comparative figures in the Consolidated Statement of Comprehensive Loss for the year ended March 31, 2020:

	Fiscal 2019
	\$
Revenue	
Sales	1,428
Cost of sales	(1,030)
Gross profit from discontinued operations	398
Expenses	
General and administrative	821
Sales and marketing	14
Profit (loss) from operations	(437)
Loss on remeasurement to fair value less cost to sell	(808)
Profit (loss) for Green Leaf previously classified as from discontinued operations	(1,245)

The following were the cash flows for the fiscal 2019 previously classified as cash flows from discontinued operation for the year ended March 31, 2019. These were reclassified from continuing operation for fiscal 2019 comparative figures for the year ended March 31, 2020:

	Fiscal 2019
	\$
Operating activities	(261)
Investing activities	(36)
Cash flows for Green Leaf previously classified as net cash used in discontinued operations	(297)

CITATION GROWTH CORP.

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Notes to the Consolidated Financial Statements

Years Ended March 31, 2020 and 2019

In thousands of Canadian dollars, except for share data, unless otherwise noted

11. Investment in associate

	Common Shares (Investment in associate)		Warrants (Derivatives)	
	#	\$	#	\$
Balance, March 31, 2018	6,100,000	267	11,500,000	2,472
Disposals	(178,000)	(8)	-	-
Share of loss in equity investment	-	(259)	-	-
Reclassification to marketable securities	(5,922,000)	-	-	-
Unrealized loss on changes in fair value	-	-	-	(1,625)
Realized loss on expired warrants	-	-	(5,000,000)	(846)
Balance, March 31, 2019	-	-	6,500,000	1
Unrealized loss on changes in fair value	-	-	-	(1)
Realized loss on expired warrants	-	-	(6,500,000)	-
Balance, March 31, 2020	-	-	-	-

In January 2017, the Company invested in unit private placements and warrant offering of Veritas and based on its 12.92% ownership interest, representation on the board of directors of Veritas and other qualitative factors, the Company obtained significant influence in Veritas and the fair value of the common shares was classified as investment in associate. The warrants were classified as derivatives and measured at fair value through profit or loss.

On June 30, 2018, the Company recognized a share of loss in Veritas of \$259, thereby reducing its carrying value in investment in associates to \$Nil. On August 14, 2018, as a result of the Company's directors' resignation from the board of Veritas and other qualitative factors, the Company no longer exerted significant influence over Veritas. The carrying value of the Company's remaining 5,922,000 common shares of \$nil was derecognized from investment in associates and reclassified to marketable securities at its fair value of \$1,184 based on a quoted market price of \$0.20 per share. The Company recognized a fair value gain of \$1,184 on reclassification to marketable securities.

During the year ended March 31, 2019, the Company disposed of the 5,922,000 shares in Veritas for gross proceeds of \$1,013 and recorded a loss on marketable securities of \$211.

During the year ended March 31, 2020, the Company recorded an unrealized loss of \$1 (2019 - \$1,625) on the changes in fair value of warrant derivatives and recognized a loss of \$Nil (2019 - \$846) on 6,500,000 (2019 - 5,000,000) warrants which expired unexercised.

12. Loans and borrowings

	Note	Interest per annum	Maturity	2020	2019
				\$	\$
Loan from Veritas	8(c),18(b)(i)	-	-	1,000	1,000
Mortgage loan	8(b)	9%	June 9, 2019	-	150
Mortgage loan	8(b)	9%	April 25, 2019	-	325
The Contribution	8(b)(i)	P+5%	-	-	1,454
				1,000	2,929

CITATION GROWTH CORP.

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Notes to the Consolidated Financial Statements

Years Ended March 31, 2020 and 2019

In thousands of Canadian dollars, except for share data, unless otherwise noted

12. Loans and borrowings (continued)

The Company entered into a loan agreement with a company controlled by a director of the Company in the principal amount of \$200. The loan was secured and repayable from the proceeds of the sale of one of the Company's non-core assets on or before October 14, 2019 (the "Maturity Date"). The loan bore interest at a rate of 5% per annum until the Maturity Date. Non-repayment of loan on the Maturity Date resulted in additional interest of 2% per month on the total amount outstanding. In consideration for the loan, the Company issued 39,200 common shares to the lender at a fair value of \$10. On December 23, 2019, the Company repaid the principal amount of \$200 and interest of \$20.

13. Convertible debentures

	May 1, 2017 (a)	October 23, 2018 (b)	May 9, 2019, July 10, 2019 (c)	Total
	\$	\$	\$	\$
Balance, March 31, 2018	997	-	-	997
Issued	-	3,293	-	3,293
Transaction costs	-	(98)	-	(98)
Conversion feature	-	(1,121)	-	(1,121)
Conversion of debentures	-	(451)	-	(451)
Accretion expense	276	427	-	703
Accrued interest	-	139	-	139
Interest paid	-	-	-	-
Foreign exchange	41	-	-	41
Balance, March 31, 2019	1,314	2,189	-	3,503

	May 1, 2017 (a)	October 23, 2018 (b)	May 9, 2019, July 10, 2019 (c)	Total
	\$	\$	\$	\$
Balance, March 31, 2019	1,314	2,189	-	3,503
Issued	-	-	500	500
Transaction costs	-	(219)	(13)	(232)
Conversion feature	-	(587)	(204)	(791)
Conversion of debentures	-	(84)	-	(84)
Accretion expense	232	936	67	1,235
Accrued interest	-	260	41	301
Interest paid	-	(286)	-	(286)
Foreign exchange	96	-	-	96
Balance, March 31, 2020	1,642	2,209	391	4,242

- (a) On May 1, 2017, the Company closed a private placement of 117 convertible bonds at an issue price of US\$10 per bond for total gross proceeds of \$1,556 (US\$1,170) (the "Bonds"). The Bonds are convertible into common shares of the Company at a price of \$4 per share in the first year, \$8 per share in the second year and \$12 per share in the third year. The Bonds mature on May 1, 2020 and bear compound interest at 8.5% per annum, payable monthly. The Bonds are secured by the assets of MLV which included land, buildings and marijuana licenses in the State of Nevada.

CITATION GROWTH CORP.

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Notes to the Consolidated Financial Statements

Years Ended March 31, 2020 and 2019

In thousands of Canadian dollars, except for share data, unless otherwise noted

13. Convertible debentures (continued)

The Bonds consist of a liability component (“financial liability”) and an embedded derivative conversion feature (“derivative liability”). During the year ended March 31, 2020, the Company recorded an unrealized gain on the derivative liability of \$0.1 (2019 - \$33). As at March 31, 2020, the fair value of the conversion feature of \$Nil (2019 - \$1) was determined using the Black-Scholes option pricing model based on the following assumptions: share price of \$0.11; risk-free rate of 0.46%; stock price volatility of 195%; dividend yield of 0%; and expected life of warrants of 0.08 year.

As of March 31, 2020, the Company is in default of its interest payment obligation of US\$75 under the Bonds.

- (b) On October 23, 2018, the Company closed private placement of a one-year 10% unsecured convertible debentures for total gross proceeds of \$3,293. The debentures matured on October 23, 2019, and were convertible into units of the Company at a price of \$0.80 per unit. Each unit consisted of one common share and one share purchase warrant exercisable at \$2.00 per share expiring October 23, 2019. The holders were entitled to convert all or any part of the debentures into units of the Company at a price equal to 10% less than the offering price of the Company’s short form prospectus offering carried out on or prior to the maturity date.

On October 23, 2019, the Company extended and amended the terms of the debentures (the “Amended Debentures”) as follows:

- (i) All accrued and unpaid interests were paid in common shares of the Company at market price. As a result, the Company issued 635,642 common shares to the holders in settlement of accrued interests of \$261;
- (ii) The Amended Debentures mature on October 23, 2020;
- (iii) The Amended Debentures are convertible into common shares of the Company at \$0.70 per share subject to accelerated maturity if the VWAP of the Company’s common shares is equal to or above \$1.05 for ten consecutive trading days; and
- (iv) Interest shall be paid in cash at maturity, however, if the Amended Debentures are converted into common shares prior to the maturity date, interests shall be paid in shares on the conversion date at a price equal to the conversion price.

In consideration for the amendment, the Company issued 3,723,033 warrants to the holders at an exercise price of \$1.25 per share for a period of eighteen months expiring April 23, 2021, subject to acceleration if the VWAP of the Company’s common shares is equal or above \$1.88 for ten consecutive trading days. Additionally, the Company’s CEO agreed to personally pay the debenture holders an additional \$261 or 10% of the principal amount outstanding in common shares upon receipt of his bonus shares on achievement of performance milestones. The Company’s CEO resigned on January 13, 2020.

All other terms of the debentures remain the same.

The Amended Debentures consisted of a financial liability and a derivative liability. On amendment date, the debentures were recorded at its amortized cost of \$1,800 which represented the remaining fair value from the debenture balance of \$2,606 after the allocation of \$587 from the conversion feature and transaction costs of \$219. The conversion feature was determined using the Black-Scholes option pricing model based on the following weighted average assumptions: share price of \$0.35; risk-free rate of 1.65%; stock price volatility of 109.20%; dividend yield of 0%; and expected life of warrants of 1 year.

CITATION GROWTH CORP.

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Notes to the Consolidated Financial Statements

Years Ended March 31, 2020 and 2019

In thousands of Canadian dollars, except for share data, unless otherwise noted

13. Convertible debentures (continued)

During the year ended March 31, 2020, the Company recorded an unrealized gain on the derivative liability of \$1,498 (2019 - \$293), and as at March 31, 2020, the fair value of the conversion feature of \$176 (2019 - \$1,126) was determined using the Black-Scholes option pricing model based on the following weighted average assumptions: share price of \$0.11; risk-free rate of 0.46%; stock price volatility of 120.11%; dividend yield of 0%; and expected life of warrants of 0.70 year.

The fair value of the 3,723,033 warrants of \$283 was determined using the Black-Scholes option pricing model based on the following weighted average assumptions: share price of \$0.35; risk-free rate of 1.65%; stock price volatility of 112%; dividend yield of 0%; and expected life of warrants of 1.50 years.

- (c) During the year ended March 31, 2020, the Company closed a private placement of two-year 10% unsecured convertible debentures for total gross proceeds of \$500. The debentures are convertible into units of the Company at a price of \$0.80 per unit. Each unit consists of one common share and one share purchase warrant exercisable at \$1.40 per share for a period of eighteen months. In the event the Company issues shares (or securities convertible into shares) at a purchase price less than \$0.80 per share, the conversion price shall be reduced to such lower price and the exercise price of the warrant shall be reduced on a commensurate basis.

The debentures consisted of a financial liability and a derivative liability. At inception, the debentures were recorded at its amortized cost of \$283 which represented the remaining fair value from the net proceeds of \$500 after the allocation of \$204 from the conversion feature and transaction costs of \$13. The conversion feature was determined using the Black-Scholes option pricing model based on the following weighted average assumptions: share price of \$0.72; risk-free rate of 1.61%; stock price volatility of 108.12%; dividend yield of 0%; and expected life of warrants of 1 year.

During the year ended March 31, 2020, the Company recorded an unrealized gain on the derivative liability of \$173 (2019 - \$Nil), and as at March 31, 2020, the fair value of the conversion feature of \$32 (2019 - \$Nil) was determined using the Black-Scholes option pricing model based on the following weighted average assumptions: share price of \$0.11; risk-free rate of 0.46%; stock price volatility of 111.73%; dividend yield of 0%; and expected life of warrants of 1.19 years.

14. Share capital

(a) Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value.

(b) Issued and outstanding

As at March 31, 2020, the Company had 123,007,147 common shares (2019 - 61,696,033) issued and outstanding.

(i) Shares issued for cash

Fiscal 2020

On March 30, 2020, the Company closed a non-brokered private placement of 2,783,793 units at \$0.15 per unit for gross proceeds of \$417. Each unit consisted of one common share and one share purchase warrant.

CITATION GROWTH CORP.

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Notes to the Consolidated Financial Statements

Years Ended March 31, 2020 and 2019

In thousands of Canadian dollars, except for share data, unless otherwise noted

14. Share capital (continued)

(b) Issued and outstanding (continued)

(i) Shares issued for cash (continued)

Fiscal 2020 (continued)

Each whole warrant is exercisable into one common share of the Company at a price of \$0.22 per share for a period of eighteen months expiring September 30, 2021, subject to an accelerated expiry if the VWAP of the Company's common shares is equal to or above \$0.50 for a period of ten consecutive trading days. A value of \$56 has been attributed to the warrants using the residual value method.

On October 30, 2019, the Company closed a non-brokered private placement of 3,615,000 units at \$0.30 per unit for gross proceeds of \$1,085. Each unit consisted of one common share and one-half of one share purchase warrant. Each whole warrant is exercisable into one common share of the Company at a price of \$0.60 per share for a period of two years expiring October 30, 2021, subject to an accelerated expiry if the VWAP of the Company's common shares is equal to or above \$1.00 for a period of ten consecutive trading days.

During the year ended March 31, 2019, the Company over issued 50,000 shares (2018 – 25,000 shares) to a former director of the Company. During the year ended March 31, 2020, a total of 62,500 common shares were returned to the Company and \$198 in share subscriptions receivable were reversed. These shares were cancelled and returned to treasury. During the year ended March 31, 2020, the fair value of \$36 for the remaining 12,500 shares not received was written off.

Fiscal 2019

On April 2, 2018, the Company closed the second tranche of a non-brokered private placement of 61,701 units at \$3.46 per unit for gross proceeds of \$213. Each unit consisted of one common share and one share purchase warrant exercisable at \$3.48 per share until April 2, 2019. A value of \$20 has been attributed to the warrants using the residual value method. Total share issuance costs of \$24 consisted of cash finders' fees of \$14, 750 finder's warrants at a fair value of \$1 and 2,890 common shares at a fair value of \$10.

On May 18, 2018, the Company closed a non-brokered private placement of 1,875,001 units at \$2.40 per unit for gross proceeds of \$4,500. Each unit consisted of one common share and one-half of one share purchase warrant of the Company. Each warrant is exercisable into one common share at a price of \$2.80 per share until May 21, 2019. In conjunction with the closing of the private placement, the Company paid aggregate consulting fees of \$3,647 to all subscribers of this private placement pursuant to consulting agreements for a term of one year for services related to capital markets, mergers and acquisitions ("M&A") opportunities and other advisory services.

On June 11, 2018, the Company closed a non-brokered private placement of 2,337,500 units at \$2.00 per unit for gross proceeds of \$4,675. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable into one common share at a price of \$2.80 per share until June 11, 2019. A value of \$281 has been attributed to the warrants using the residual value method. In conjunction with the closing of the private placement, the Company paid aggregate consulting fees of \$3,848 to certain subscribers of this private placement pursuant to consulting agreements for a term of one year for services related to capital markets, M&A opportunities and other advisory services.

CITATION GROWTH CORP.

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Notes to the Consolidated Financial Statements

Years Ended March 31, 2020 and 2019

In thousands of Canadian dollars, except for share data, unless otherwise noted

14. Share capital (continued)

(b) Issued and outstanding (continued)

(i) Shares issued for cash (continued)

On November 19, 2018, the Company closed a non-brokered private placement of 539,000 units at \$1.00 per unit for gross proceeds of \$539. Each unit consisted of one common share and one common share purchase warrant exercisable at a price of \$2.00 per share until May 19, 2020. Finder's fees of \$25 were paid on this private placement.

On March 28, 2019, the Company closed a non-brokered private placement of 531,250 units at \$0.80 per unit for gross proceeds of \$425. Each unit consisted of one common share and one-half of one common share purchase warrant, with each whole warrant exercisable at a price of \$2.00 per share until September 25, 2020.

(ii) Shares issued for asset acquisitions

Fiscal 2020

During the year ended March 31, 2020, the Company issued 62,500 common shares at a fair value of \$55 as a deposit related to the proposed acquisition of Buds. The Company issued 33,750 common shares at a fair value of \$30 as a finder's fee. (Note 8(d))

During the year ended March 31, 2020, the Company issued 35,000,000 common shares at a fair value of \$11,653 related to the acquisition of ACC. The Company issued 3,250,000 common shares at a fair value of \$1,219 as finders' fees. (Note 8(a))

Fiscal 2019

On September 25, 2018, the Company issued 22,797,849 common shares at a fair value of \$19,576 and 2,486,250 share purchase warrants at a fair value of \$860 for the acquisition of Full Spectrum. (Note 8(b))

On May 29, 2018, the Company issued 1,000,000 common shares at a fair value of \$2,520 for the acquisition of Tonasket assets. (Note 8(c))

(iii) Shares issued for services

Fiscal 2020

During the year ended March 31, 2020, the Company issued an aggregate of 6,850,000 common shares were issued at a fair value of \$1,482 to certain consultants for services rendered in connection with the development of the Celistra Project and the directors of the Company.

Fiscal 2019

During the year ended March 31, 2019, the Company issued an aggregate of 2,982,174 common shares at a fair value of \$3,761 for consulting fees.

CITATION GROWTH CORP.

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Notes to the Consolidated Financial Statements

Years Ended March 31, 2020 and 2019

In thousands of Canadian dollars, except for share data, unless otherwise noted

14. Share capital (continued)

(b) Issued and outstanding (continued)

(iv) Shares issued for debt

Fiscal 2020

During the year ended March 31, 2020, the Company issued an aggregate of 2,102,274 common shares at a fair value of \$387 to settle outstanding debts of \$376. The Company recorded a corresponding loss on the settlement of debt of \$11.

Fiscal 2019

During the year ended March 31, 2019, the Company issued an aggregate of 162,500 common shares at a fair value of \$126 to settle outstanding debts of \$131. The Company recorded a corresponding gain on the settlement of debt of \$5.

(v) Shares issued on exercise of warrants

During the year ended March 31, 2019, the Company issued a total of 175,000 common shares on the exercise of warrants for gross proceeds of \$140.

(vi) Shares issued on exercise of stock options

During the year ended March 31, 2019, the Company issued an aggregate of 475,000 common shares on the exercise of options for gross proceeds of \$771.

(vii) Redemption of vested RSUs

During the year ended March 31, 2020, 3,810,000 common shares were issued to employees, consultants and directors of the Company at a fair value of \$2,528 on redemption of vested RSUs.

During the year ended March 31, 2019, 38,624 common shares were issued to consultants of the Company at a fair value of \$106 on redemption of vested RSUs.

(viii) Performance and retention bonus shares

During the year ended March 31, 2020, an aggregate of 3,100,000 performance and bonus shares at a fair value of \$1,036 were issued to certain directors, officers and employees of the Company.

CITATION GROWTH CORP.

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Notes to the Consolidated Financial Statements

Years Ended March 31, 2020 and 2019

In thousands of Canadian dollars, except for share data, unless otherwise noted

14. Share capital (continued)

(b) Issued and outstanding (continued)

(ix) Shares issued on conversion of convertible debentures

Fiscal 2020

During the year ended March 31, 2020, the Company issued a total of 766,264 common shares at a fair value of \$389 on conversion of debentures.

Fiscal 2019

During the year ended March 31, 2019, the Company issued a total of 732,900 common shares at a fair value of \$739 on conversion of debentures.

(c) Share purchase warrants

The continuity of warrants for the year ended March 31, 2020 is as follows:

Expiry Date	Exercise Price	March 31, 2019 #	Issued #	Exercised #	Expired/Cancelled #	March 31, 2020 #
May 21, 2019	\$2.80	937,500	-	-	937,500	-
June 11, 2019	\$2.80	1,168,750	-	-	1,168,750	-
October 23, 2019	\$2.00	732,900	125,813	-	858,713	-
March 16, 2020	\$3.48	403,268	-	-	403,268	-
March 31, 2020	\$3.48	433,526	-	-	433,526	-
April 2, 2020	\$3.48	61,701	-	-	-	61,701
May 19, 2020	\$2.00	539,000	-	-	-	539,000
September 25, 2020	\$0.80	2,311,250	-	-	-	2,311,250
September 25, 2020	\$1.40	265,625	-	-	-	265,625
January 31, 2020	\$5.00	860,975	-	-	860,975	-
January 31, 2021	\$11.60	10,937,263	-	-	-	10,937,263
August 2, 2021	\$2.50	-	11,500,000	-	-	11,500,000
April 23, 2021	\$1.25	-	3,723,035	-	-	3,723,035
September 30, 2021	\$0.22	-	2,783,793	-	-	2,783,793
October 30, 2021	\$0.60	-	1,807,500	-	-	1,807,500
		18,651,758	19,940,141	-	4,662,732	33,929,167

CITATION GROWTH CORP.

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Notes to the Consolidated Financial Statements

Years Ended March 31, 2020 and 2019

In thousands of Canadian dollars, except for share data, unless otherwise noted

14. Share capital (continued)

(c) Share purchase warrants (continued)

The continuity of warrants for the year ended March 31, 2019 is as follows:

Expiry Date	Exercise Price	March 31, 2018	Issued	Exercised	Expired/Cancelled	March 31, 2019
		#	#	#	#	#
May 21, 2019	\$2.80	-	937,500	-	-	937,500
June 11, 2019	\$2.80	-	1,168,750	-	-	1,168,750
October 23, 2019	\$2.00	-	732,900	-	-	732,900
March 16, 2020	\$3.48	403,268	-	-	-	403,268
March 31, 2020	\$3.48	433,526	-	-	-	433,526
April 2, 2020	\$3.48	-	61,701	-	-	61,701
May 19, 2020	\$2.00	-	539,000	-	-	539,000
September 25, 2020	\$0.80	-	2,486,250	175,000	-	2,311,250
September 25, 2020	\$1.40	-	265,625	-	-	265,625
January 31, 2020	\$5.00	860,975	-	-	-	860,975
January 31, 2021	\$11.60	10,937,263	-	-	-	10,937,263
		12,635,032	6,191,726	175,000	-	18,651,758

(d) Finders' warrants

The continuity of finders' warrants for the year ended March 31, 2020 is as follows:

Expiry Date	Exercise Price	March 31, 2019	Issued	Exercised	Expired/Cancelled	March 31, 2020
		#	#	#	#	#
May 19, 2019	\$3.48	24,382	-	-	24,382	-
June 2, 2019	\$3.48	750	-	-	750	-
October 23, 2019	\$2.00	60,270	-	-	60,270	-
		85,402	-	-	85,402	-

The continuity of finders' warrants for the year ended March 31, 2019 is as follows:

Expiry Date	Exercise Price	March 31, 2018	Issued	Exercised	Expired/Cancelled	March 31, 2019
		#	#	#	#	#
March 31, 2019	\$3.48	86,097	-	-	86,097	-
May 19, 2019	\$3.48	24,382	-	-	-	24,382
June 2, 2019	\$3.48	-	750	-	-	750
October 23, 2019	\$2.00	-	60,270	-	-	60,270
		110,479	61,020	-	86,097	85,402

(e) Stock options

Under the Company's Stock Option Plan, the maximum number of shares that may be reserved for issuance under the Company's Fixed Share Option Plan as of March 31, 2020 was 5,707,300 common shares (2019 – 5,707,300). Under the Plan, the exercise price of an option may not be less than the closing market price of the Company's shares prevailing on the day that the option is granted. The options may be granted up to a maximum term of 5 years and vested at the discretion of the board of directors.

CITATION GROWTH CORP.

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Notes to the Consolidated Financial Statements

Years Ended March 31, 2020 and 2019

In thousands of Canadian dollars, except for share data, unless otherwise noted

14. Share capital (continued)

(e) Stock options (continued)

As at March 31, 2020, 4,149,375 options, with an average exercise price of \$1.04 per share and an average remaining life of 0.87 year have vested.

Expiry Date	Exercise Price	March 31, 2019	Granted	Exercised	Expired/Cancelled	March 31, 2020
		#	#	#	#	#
June 28, 2019	\$4.08	50,000	-	-	50,000	-
March 6, 2019	\$3.20	100,000	-	-	100,000	-
March 4, 2020	\$2.84	150,000	-	-	150,000	-
October 4, 2020	\$1.04	1,796,250	-	-	600,000	1,196,250
October 30, 2020	\$1.16	25,000	-	-	-	25,000
January 8, 2021	\$0.98	300,000	-	-	-	300,000
March 3, 2021	\$1.08	3,169,800	-	-	902,300	2,267,500
June 21, 2021	\$0.80	-	300,000	-	-	300,000
March 21, 2024	\$0.96	62,500	-	-	62,500	-
April 1, 2024	\$0.88	-	18,750	-	-	18,750
April 22, 2024	\$0.88	-	247,500	-	187,500	60,000
		5,653,550	566,250	-	2,052,300	4,167,500

As at March 31, 2019, 5,653,550 options, with an average exercise price of \$0.29 per share and an average remaining life of 1.72 years have vested.

Expiry Date	Exercise Price	March 31, 2018	Granted	Exercised	Expired/Cancelled	March 31, 2019
		#	#	#	#	#
September 9, 2018	\$1.60	137,500	-	100,000	37,500	-
November 8, 2018	\$3.72	107,500	-	-	107,500	-
November 8, 2018	\$4.00	50,000	-	-	50,000	-
June 28, 2019	\$4.08	812,500	-	-	762,500	50,000
January 2, 2019	\$4.12	550,000	-	-	550,000	-
January 23, 2019	\$3.60	100,000	-	-	100,000	-
March 6, 2019	\$3.20	100,000	-	-	-	100,000
March 8, 2019	\$2.84	75,000	-	50,000	25,000	-
March 4, 2020	\$2.84	350,000	-	-	200,000	150,000
April 6, 2019	\$2.84	-	450,000	-	450,000	-
April 8, 2019	\$2.76	-	225,000	36,232	188,768	-
May 1, 2019	\$2.44	-	113,768	38,768	75,000	-
May 17, 2019	\$2.40	-	894,605	-	894,605	-
June 21, 2019	\$1.20	-	87,500	87,500	-	-
June 28, 2019	\$1.04	-	162,500	162,500	-	-
October 4, 2020	\$1.04	-	1,796,250	-	-	1,796,250
October 30, 2020	\$1.16	-	25,000	-	-	25,000
January 8, 2021	\$0.98	-	300,000	-	-	300,000
March 3, 2021	\$1.08	-	3,169,800	-	-	3,169,800
March 21, 2024	\$0.96	-	62,500	-	-	62,500
		2,282,500	7,286,923	475,000	3,440,873	5,653,550

During the year ended March 31, 2020, the Company recognized share-based compensation of \$208 (2019 - \$4,681) for stock options granted and vested during the period.

CITATION GROWTH CORP.

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Notes to the Consolidated Financial Statements

Years Ended March 31, 2020 and 2019

In thousands of Canadian dollars, except for share data, unless otherwise noted

14. Share capital (continued)

(e) Stock options (continued)

The fair value of stock options at the date of grant was estimated at \$0.41 per option (2019 - \$0.17 per option) using the Black-Scholes option pricing model with the following weighted average assumptions:

	2020	2019
Risk-Free Annual Interest Rate	1.48% - 1.66%	1.61% - 2.29%
Expected Stock Price Volatility	99% - 101%	80% - 100%
Expected Life of Options and Warrants	2.0 - 2.5 years	1.0 - 2.0 years
Expected Annual Dividend Yield	0%	0%

(f) Restricted share units ("RSU")

On October 10, 2017, the Company adopted an RSU Plan as approved by the shareholders of the Company. The RSU Plan is designed to provide the Company with an additional tool to compensate directors, officers, consultants and other key employees of the Company. As of March 31, 2020, the maximum number of shares that may be reserved for issuance under the RSU plan was 5,707,300 (2019 - 5,707,300) common shares. Under the plan, each vested RSU gives the eligible person the right to receive one common share of the Company.

The continuity of RSUs for the year ended March 31, 2020 is as follows:

Issuance date	March 31, 2019	Issued	Redeemed	Cancelled	March 31, 2020
April 22, 2019	-	5,705,000	3,810,000	888,750	1,006,250

The continuity of RSUs for the year ended March 31, 2019 is as follows:

Issuance date	March 31, 2018	Issued	Redeemed	Cancelled	March 31, 2019
July 19, 2018	-	25,000	25,000	-	-
October 4, 2018	-	13,624	13,624	-	-
March 3, 2019	-	3,346,250	-	3,346,250	-
	-	3,384,874	38,624	3,346,250	-

During the year ended March 31, 2020, the Company recognized share-based compensation of \$3,041 (2019 - \$106) for 5,705,000 (2019 - 154,494) RSUs granted and vested during the year. The weighted average fair value of RSUs granted during the year ended March 31, 2020 was \$0.53 (2019 - \$0.69) per share.

(g) Escrow shares

Pursuant to an escrow agreement dated August 2, 2019, 12,399,310 common shares of the Company were deposited into escrow in connection with the acquisition of ACC (Note 8(a)). 1,239,931 shares, being 10% of the escrowed shares were released from escrow on August 2, 2019, and approximately 15% are to be released every six months thereafter over a period of 36 months.

CITATION GROWTH CORP.

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Notes to the Consolidated Financial Statements

Years Ended March 31, 2020 and 2019

In thousands of Canadian dollars, except for share data, unless otherwise noted

15. General and administrative expenses

	2020	2019
	\$	\$
Consulting fees	1,790	11,262
Business acquisition costs	1,248	-
Shareholder and investor relations	738	2,321
Office and general	984	1,700
Professional fees	574	702
Management fees and wages	1,087	715
	6,421	16,700

16. Finance and other costs

	2020	2019
	\$	\$
Accretion expenses	1,251	702
Loan interests	890	267
Financing fee	74	28
Bank charges	94	51
	2,309	1,048

17. Related party transactions

Details of transactions between the Company and related parties, in addition to those transactions disclosed elsewhere in these consolidated financial statements, are described as follows.

(a) Related party balances

The following amounts due to related parties are non-interest bearing, unsecured, and have no specific terms of repayment:

	2020	2019
	\$	\$
Due to an officer and a director for management fees	-	16
Due to former directors and officers for fees pursuant to consulting agreements	136	8
Due to officers and a director for expense reimbursements	94	38

(b) Compensation of key management personnel

Key management personnel include the Company's directors and officers. The compensation paid or accrued to directors, officers and former officers consisted of the following:

	2020	2019
	\$	\$
Consulting fees to former directors and officers	364	81
Management fees	956	355
Share-based compensation ⁽¹⁾	3,325	1,786
	4,645	2,222

⁽¹⁾ An aggregate of 250,000 stock options (2019 – 2,571,250), 3,250,000 RSUs (2019 – 13,623) and 2,500,000 retention bonus shares (2019 - Nil) were issued to directors and officers and former officers of the Company.

CITATION GROWTH CORP.

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Notes to the Consolidated Financial Statements

Years Ended March 31, 2020 and 2019

In thousands of Canadian dollars, except for share data, unless otherwise noted

17. Related party transactions (continued)

(c) Other related party transaction

ACC has a lease agreement with a company owned by the former CEO and a director of the Company with respect to a production facility located in Nevada (Note 8(a)). During the year ended March 31, 2020, the Company paid rent of \$206 under this agreement.

18. Commitments and contingencies

(a) Office and operating leases

- (i) MDHS entered into a commercial lease agreement for the lease of its dispensary operating premises for a monthly rent of US\$5. The lease expires on December 8, 2020, with 3 additional 5-year term renewal options.
- (ii) The Company entered into a lease agreement for rental of an office space in Kelowna, British Columbia for an annual rent payment of \$23 in the first year and \$25 in the second year. The lease expires on May 3, 2021.

(b) Claims and litigations

(i) Veritas vs. Citation

On February 28, 2019, a claim was commenced against the Company by Veritas to recover a loan in the principal amount of \$1,000 plus interests. Veritas claims that the loan is in default and has made a demand for repayment of the loan and interests on or before January 21, 2019. MWA, MDHS, MLV were subsequently added as defendants to the lawsuit.

On April 12, 2019, the Company filed a counterclaim against Veritas alleging, among other things, that the Company and Veritas entered into a loan agreement which included repayment terms consisting of \$100 and the assignment of the Company's ownership interest in the Property. (Note 8(c))

The Company intends to vigorously defend itself against the claim made by Veritas. As set out in the Company's response to civil claim, it believes that the allegations are without merit and that the loan agreement is in full force and effect.

(c) Notice of default

The Company has been provided with a notice of default on the debt with NPI Debt Fund II secured by a deed of trust in the principal amount US\$1.9 million and demand for payment of past due interests, fees and expenses of approximately US\$459,000 on or before October 31, 2019 (the "Default Notice"). If the Company fails to remedy the Default Notice, it will be given a notice of foreclosure sale under the deed of trust. Subsequent to March 31, 2020, the loan has been settled from the sales of Lynden Washington properties. (Note 10(a))

CITATION GROWTH CORP.

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Notes to the Consolidated Financial Statements

Years Ended March 31, 2020 and 2019

In thousands of Canadian dollars, except for share data, unless otherwise noted

19. Segmented information

The assets and operations of the Company are located in Canada and the United States.

	Canada	US	Total
	\$	\$	\$
Year ended March 31, 2020			
Net revenue	1	2,267	2,268
Gross profit	1	548	549
Loss from operations	(9,618)	(1,272)	(10,890)
Net loss from continuing operations	(31,251)	(6,955)	(38,206)

Year ended March 31, 2019			
Net revenue	2	1,458	1,460
Gross profit	(4)	576	572
Loss from operations	(19,850)	(1,900)	(21,750)
Net loss from continuing operations	(24,438)	(4,985)	(29,423)

	Canada	US	Total
	\$	\$	\$
As at March 31, 2020			
Current assets	6,398	6,380	12,778
Total assets	14,975	20,980	35,955
Total liabilities	12,834	5,483	18,317

As at March 31, 2019			
Current assets	925	10,844	11,769
Total assets	24,963	23,783	48,746
Total liabilities	9,173	2,983	12,156

20. Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The Company uses the following hierarchy for determining fair value measurements:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Financial instruments are measured at amortized cost or fair value. Financial instruments include cash, accounts receivable, due from a related party, accounts payables and accrued liabilities, loans and borrowings, convertible debentures and derivative liabilities.

CITATION GROWTH CORP.

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Notes to the Consolidated Financial Statements

Years Ended March 31, 2020 and 2019

In thousands of Canadian dollars, except for share data, unless otherwise noted

20. Fair value of financial instruments (Continued)

The carrying values of cash, accounts receivable, due from a related party, accounts payables and accrued liabilities, loans and convertible debentures approximate their fair values due to their short-term nature. The fair values of derivative assets and derivative liabilities are determined using the Black-Scholes option pricing model. During the year, there were no transfers of amounts between level 1, 2 and 3 of the fair value hierarchy.

The following table summarizes the Company's financial instruments as at March 31, 2020:

	FVTPL	Amortized cost	Total	Fair value hierarchy
	\$	\$	\$	
Financial assets				
Cash	49	-	49	Level 1
Accounts receivable	-	84	84	Level 2
Financial liabilities				
Accounts payable and accrued liabilities	-	5,270	5,270	N/A
Income tax payable	-	255	255	N/A
Loans and borrowings	-	1,000	1,000	Level 2
Convertible debentures ⁽¹⁾	-	4,242	4,242	Level 2
Derivative liabilities ⁽¹⁾	208	-	208	Level 2

⁽¹⁾ The fair value of convertible debentures includes the financial liability and derivative liability.

21. Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews the Company's policies on an ongoing basis.

The Company is exposed to various risks in relation to financial instruments. The most significant financial risks to which the Company is exposed are described below.

(a) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures, as far as reasonably possible, that it will have sufficient capital in order to meet its working capital and other operating requirements, fund capital expenditures, settle liabilities and meet its scheduled debt repayments. As of March 31, 2020, the Company had working capital deficiency of \$4,440 (2019 - \$387). There can be no assurance that the Company will be able to secure debt and/or equity financing for working capital and be successful in generating and maintaining profitable operations.

The Company has the following gross contractual obligations:

	Total	< 1 year	1 – 3 years	3 – 5 years
	\$	\$	\$	\$
Accounts payable and accrued liabilities	5,270	5,270	-	-
Income tax payable	255	255	-	-
Loans and borrowings	1,000	1,000	-	-
Lease liabilities	108	102	6	-
Convertible debentures	4,242	3,851	391	-
Liabilities associated with assets held for sale	6,532	6,532	-	-
	17,407	17,010	397	-

CITATION GROWTH CORP.

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Notes to the Consolidated Financial Statements

Years Ended March 31, 2020 and 2019

In thousands of Canadian dollars, except for share data, unless otherwise noted

21. Financial risk management (continued)

(b) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has operations in Canada and the United States and therefore has exposure to currency risk arising from fluctuations in exchange rates of the Canadian against the United States dollar. The Company manages risk to foreign currency exposure by monitoring financial assets and liabilities denominated in U.S. dollars and exchange rates on an ongoing basis. The Company does not hedge its exposure to fluctuations in the related foreign exchange rates.

As at March 31, 2020, the Company has determined that a 10% change in US dollars against the Canadian dollar on financial assets and liabilities would result in an increase or decrease of approximately \$1,550 for the year ended March 31, 2020 (2019 - \$169) to net loss and comprehensive loss.

(c) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest on the Company's loans and borrowings and convertible bonds payable are based on fixed rates, and as such, the Company is not exposed to significant interest rate risk.

(d) Covid-19

On March 11, 2020, the current outbreak of COVID-19 (Coronavirus) was declared a global pandemic, which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. As a result, global equity markets and oil prices have experienced significant volatility and weakness. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

(e) Credit risk

Financial instruments that subject the Company to credit risk primarily consist of accounts receivable. The Company maintains an allowance for estimated credit losses using an expected credit loss provision for accounts receivable. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging. The expected loss rates are based on the Company's historical credit losses experienced over previous periods.

The Company sells its product in Nevada but its credit risk is not concentrated to any particular customer. The Company mitigates the risk by reviewing accounts receivable past due on an ongoing basis and by managing and monitoring the relationships with its customers. The Company provides credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk.

CITATION GROWTH CORP.

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Notes to the Consolidated Financial Statements

Years Ended March 31, 2020 and 2019

In thousands of Canadian dollars, except for share data, unless otherwise noted

21. Financial risk management (continued)

As at March 31, 2020, the Company's aging of receivables was as follows:

	2020	2019
	\$	\$
0 – 30 days	83	258
31 – 60 days	-	-
61 – 90 days	-	-
91 days and over	1	-
Gross accounts receivable	84	258
Provision for doubtful accounts	-	-
	84	258

22. Capital management

The Company manages its share capital as capital, which as at March 31, 2020, was \$106,672. The Company's capital management objectives are to safeguard the Company's ability to continue as a going concern in order to pursue the development and expansion of its business and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk level.

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 its capital structure, the Company may attempt to issue new shares or debt, dispose of assets, or adjust the amount of cash and cash equivalents. There can be no assurance that the Company will be able to obtain debt or equity capital in the case of operating cash deficits.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Company does not pay out dividends in order to conserve cash reserves and to maximize ongoing development efforts. The Company's share capital is not subject to external restrictions. The Company has not paid or declared any dividends since the date of incorporation, nor are any contemplated in the foreseeable future.

23. Income taxes

(a) Income tax expense

The income tax expense of the Company is reconciled to the net loss as follows:

	2020	2019
	\$	\$
Expected Income Tax Recovery at Statutory Tax Rates	(7,925)	(8,114)
Permanent Differences	6,191	1,558
Change in Valuation Allowance	2,643	7,151
Other	(144)	(595)
Income Tax Expenses	765	-

Income tax expenses consist of \$255 (2019 - \$NIL) current tax expenses and \$510 (2019 - \$NIL) future tax expenses related to two subsidiaries in United States.

CITATION GROWTH CORP.

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Notes to the Consolidated Financial Statements

Years Ended March 31, 2020 and 2019

In thousands of Canadian dollars, except for share data, unless otherwise noted

23. Income taxes (continued)

(b) Deferred tax assets and liabilities

As at March 31, 2020 and 2019, the Company has temporary differences between the carrying value of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Accordingly, the Company recorded deferred tax assets and liabilities as follows:

	2020	2019
	\$	\$
Deferred Tax Assets		
Tax Losses Available for Offset Against Future Taxable Income	12,963	12,722
Capital Losses Available for Offset Against Future Capital Gains	190	94
Property and Equipment	740	1,249
Intangible Assets	672	442
Financing Fees	106	226
Valuation Allowance	(14,479)	(14,733)
Net Deferred Tax Assets	192	-

	2020	2019
	\$	\$
Deferred Tax Liabilities		
Property and Equipment	8	-
Intangible Assets	680	-
Right-of-use assets (IFRS 16)	14	-
Net Deferred Tax Liabilities	702	-

As at March 31, 2020, the Company has Canadian non-capital losses of \$47,039 and US net operating losses of US\$688 which are available to offset future taxable income earned in Canada and the United States respectively. These tax losses expire as follows:

	Canadian Losses	US Losses
	\$	US\$
2033	54	-
2034	659	-
2035	3,945	-
2036	1,292	-
2037	7,383	54
2038	12,795	437
2039	14,628	113
2040	6,283	84
	47,039	688

Deferred tax assets are recognized to the extent that the realization of the related tax benefit through future taxable income is probable. The Company has recorded a significant amount of valuation allowance against its deferred tax assets because of uncertainty as to the realization of these assets.

CITATION GROWTH CORP.

(Formerly Liht Cannabis Corp. and Marapharm Ventures Inc.)

Notes to the Consolidated Financial Statements

Years Ended March 31, 2020 and 2019

In thousands of Canadian dollars, except for share data, unless otherwise noted

24. Subsequent events

(a) Financing

On June 24, 2020, the Company closed a non-brokered private placement of 3,930,721 units at \$0.15 per unit for gross proceeds of \$590. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable into one common share of the Company at a price of \$0.22 per share for a period of 18 months expiring December 25, 2021, subject to an accelerated expiry if the VWAP of the Company's common shares is equal to or above \$0.50 for a period of ten consecutive trading days.

On August 20, 2020, the Company closed the first tranche of a private placement of two-year 10% unsecured non-convertible debentures for total gross proceeds of \$780. The debentures mature on August 20, 2022 at a price of \$1 per debenture unit. Each debenture unit consists of \$1 principal amount of debenture and 2,000 common share purchase warrants exercisable at \$0.15 per share for a period of 2 years. The Company paid \$39 in cash and issued 78,000 common share purchase warrants as finder's fee.

(b) Share issuances

15,912,814 common shares were issued for services at a fair value of \$1,598.

(c) Stock options grants

The Company granted to directors, officers, employees and consultants stock options to purchase 1,250,000 common shares at an exercise price of \$0.085 per share expiring April 22, 2022, 2,400,000 common shares at an exercise price of \$0.10 per share expiring May 15, 2023, 3,900,000 common shares at an exercise price of \$0.10 per share expiring May 19, 2023 and 136,108 common shares at an exercise price of \$0.105 per share expiring May 20, 2023.

(d) RSU awards

The Company awarded 7,951,108 RSUs to directors, officers and employees and 7,951,108 common shares were issued on redemption of vested RSUs.