Condensed Consolidated Interim Financial Statements of

NABIS HOLDINGS INC.

(formerly Innovative Properties Inc.)

For the period ended March 31, 2020
(Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

July 15, 2020

NABIS HOLDINGS INC. (formerly Innovative Properties Inc.)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian dollars)

As at	Note	**March 31, 2020**	December 31, 2019
ASSETS			
Current Assets			
Cash		**$1,083,176**	$2,504,258
HST and other receivables	5	**502,599**	593,072
Inventory	6	**1,217,727**	558,436
Prepaids and deposits		**287,818**	253,397
		3,091,320	3,909,163
Non-Current Assets			
Property and equipment	4,7	**15,839,673**	15,241,516
Intangible assets	4,8	**8,141,453**	8,354,456
Goodwill	4,9	**9,620,177**	9,620,177
Right-of-use assets	10	**344,064**	380,711
TOTAL ASSETS		**$37,036,687**	$37,506,023
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Trade payables and accrued liabilities	12	**$1,649,919**	$1,650,500
Lease liabilities	11	**169,666**	162,611
Mortgages payable	13	**4,918,848**	4,726,451
Note payable	14	**10,729,424**	9,652,994
		17,467,857	16,192,556
Non-current Liabilities			
Convertible debentures	15	**26,639,092**	25,823,984
Mortgages payable	4,13	**2,269,920**	-
Lease liabilities	11	**196,212**	218,269
TOTAL LIABILITIES		**46,573,081**	42,234,809
SHAREHOLDERS' DEFICIENCY			
Share capital	17	**12,772,367**	12,662,367
Shares to be issued	17	**3,369,334**	3,369,334
Reserves	17	**12,303,662**	12,266,537
Accumulated other comprehensive income (loss)		**(1,324,407)**	(58,942)
Deficit		**(36,657,350)**	(32,968,082)
TOTAL SHAREHOLDERS' DEFICIENCY		**(9,536,394)**	(4,728,786)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$37,036,687**	37,506,023

Nature of operations and going concern	1
Contingency	22
Subsequent events	23

These condensed consolidated interim financial statements were approved for issue on behalf of the Board of Directors on July 15, 2020 by

"Emmanuel Paul"
Director

"Shay Shnet"
Director

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

NABIS HOLDINGS INC. (formerly Innovative Properties Inc.)

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian dollars, except share data)

	Note	**Three months ended March 31, 2020**	Three months ended January 31, 2019
Retail and wholesale revenues	18	**$2,306,959**	-
Cost of goods sold		**1,330,813**	-
Gross profit		**976,146**	-
Operating expenses			
Selling, general and administrative	19	**1,874,310**	2,340,313
Share-based compensation	17	**147,125**	1,176,437
Depreciation and amortization	7,8,9	**390,380**	16,667
Total Operating Expenses		**2,411,815**	3,533,417
Loss from operations		**(1,435,669)**	(3,533,417)
Other Items			
Accretion expense	13,14	**(1,088,141)**	-
Change in fair value of marketable securities		**-**	(123,873)
Foreign exchange gain (loss)		**(258,753)**	1,078
Interest and other income		**16,513**	-
Interest expense	13,14,15	**(923,218)**	-
		(2,253,599)	(122,795)
Net loss for the period		**(3,689,268)**	(3,656,212)
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**(1,265,505)**	-
Total comprehensive loss		**(4,954,773)**	(3,656,212)
Basic and diluted loss per share		**$(0.03)**	$(0.04)
Weighted average number of common shares outstanding, basic and diluted		**118,085,479**	83,925,034

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

NABIS HOLDINGS INC. (formerly Innovative Properties Inc.)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' DEFICIENCY

For the three months ended March 31, 2020 and January 31, 2019

(Expressed in Canadian dollars)

	Number of Shares	Share Capital	Shares to be issued	Reserves	AOCI	Deficit	Total
Balance at December 31, 2019	116,129,417	$12,662,367	$3,369,334	$12,266,537	($58,942)	($32,968,082)	($4,728,786)
Stock-based compensation	2,000,000	110,000	-	37,125	-	-	147,125
Unrealized gain/loss on translation of foreign operations	-	-	-	-	(1,265,465)	-	(1,265,465)
Net loss and comprehensive loss	-	-	-	-	-	(3,689,268)	(3,689,268)
Balance as March 31, 2020	**118,129,417**	**$12,772,367**	**$3,369,334**	**$12,303,662**	**($1,324,407)**	**($36,657,350)**	**($9,536,394)**

	Number of Shares	Share Capital	Shares to be issued	Reserves	AOCI	Deficit	Total
Balance at October 31, 2018	27,598,865	$4,513,498	$687,500	$2,326,938	$-	($6,677,435)	$850,501
Private placement	63,333,333	5,500,000	(687,500)	-	-	-	4,812,500
Finders' fee shares	2,726,000	283,900	-	-	-	-	283,900
Share issuance costs	-	(805,313)	-	-	-	-	(805,313)
Brokers' warrants – private placement	-	-	-	638,112	-	-	638,112
Exercise of warrants	5,000	1,423	-	(1,423)	-	-	-
Exercise of finders' fee warrants	1,250,000	224,260	-	(158,010)	-	-	66,250
Stock-based compensation	-	-	-	1,176,437	-	-	1,176,437
Net loss and comprehensive loss	-	-	-	-	-	(3,656,212)	(3,656,212)
Balance as January 31, 2019	94,913,198	$9,717,768	$-	$3,982,054	$-	($10,333,647)	$3,366,175

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

NABIS HOLDINGS INC. (formerly Innovative Properties Inc.)
CONSOLIDATED STATEMENTS OF CASHFLOWS
(Expressed in Canadian dollars)

	Three months ended March 31, 2020	Three months ended January 31, 2019
Operating Activities		
Net loss for the period	**($3,689,268)**	($3,656,212)
Adjustment for non-cash items		
Accretion expense	**1,088,141**	-
Depreciation and amortization	**390,380**	16,667
Bad debt	**-**	4,425
Change in fair value of marketable securities	**-**	123,873
Stock-based compensation	**147,125**	1,176,437
Unrealized foreign exchange (gain) loss	**5,075**	-
Changes in non-cash working capital items:		
HST and other receivables	**90,473**	(69,300)
Inventory	**(659,291)**	-
Prepaids and deposits	**(34,421)**	(839,886)
Due from related parties	**-**	(3,486)
Trade payables and accrued liabilities	**(581)**	(106,595)
Net cash flow used in operating activities	**(2,662,367)**	(3,354,077)
Investing Activities		
Acquisition of property and equipment	**(775,534)**	-
Net cash flow used investing activities	**(775,534)**	(3,354,077)
Financing Activities		
Issuance of shares for cash, net	**-**	4,884,198
Exercise of warrants	**-**	66,250
Acquisition of new mortgage	**2,121,030**	
Mortgage payments	**(212,805)**	-
Payment of lease liability	**(15,002)**	-
Net cash flow provided by financing activities	**1,893,223**	4,950,448
Foreign exchange effect on cash	**124,296**	-
Change in cash	**(1,420,382)**	1,596,371
Cash, beginning of period	**2,504,258**	705,836
Cash, end of period	**$1,083,876**	2,302,207

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

1. Nature of operations and going concern

Nabis Holdings Inc. (formerly Innovative Properties Inc.) (the "Company") was incorporated under the Business Corporations Act of British Columbia on October 31, 2002. On May 29, 2019, the Company changed its name from Innovative Properties Inc. to Nabis Holdings Inc. The Company is primarily involved in investments in real properties and distribution and sales of cannabis products in the United States. The Company's shares are listed on the Canadian Securities Exchange under the symbol "NAB". The head office, principal address and records office of the Company are located at Unit 1409, 5000 Yonge Street, Toronto, Ontario, Canada, M2N 7E9.

The Company has incurred losses and has had negative cash flows from operations from inception that have primarily been funded through financing activities. The Company will need to raise additional capital during the next twelve months and beyond to support current operations and planned development. As at March 31, 2020, the Company had a working capital deficiency of $14,376,537 and an accumulated deficit of $36,657,350. Of the total mortgages outstanding on March 31, 2020, $4,918,848 (USD$3,467,152) is due on August 1, 2020 (Note13). On June 30, 2020, the Company did not make the quarterly interest payment accrued on the convertible debentures (Note 15) due to Covid-19 and is not in default in accordance with the Force Majeure terms set out in the convertible debentures. These factors indicate the existence of a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, through the private placement of common shares, issuance of loans and convertible loans.

These condensed consolidated interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. Basis of preparation

(a) Change in the reporting period

During 2019, the Company changed its fiscal year-end from October 31st to December 31st to be better aligned with the Company's industry peers, as well as facilitate efficiencies in the administration, accounting and production of the annual audited financial statements. As a result of this change, during the current three-month period ended March 31, 2020, the comparative period represents the three-month period of November 1, 2018 to January 31, 2019 and are therefore not entirely comparable.

(b) Statement of compliance

These condensed consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") in particular IAS 34, Interim Reporting, and interpretations of the IFRS Interpretations Committee ("IFRIC") in effect for the three months ended March 31, 2020 and January 31, 2019.

The condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors of the Company on July 15, 2020.

(c) Basis of measurement

These condensed consolidated interim financial statements of the Company have been prepared on an accrual basis, except for cash flow information, and are based on historical costs, except for certain financial instruments measured at fair value. These condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise noted.

(d) Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its controlled entities. Control is achieved when the Company has the power to govern the financial operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases.

The following subsidiaries have been consolidated for all dates presented within these condensed consolidated interim financial statements:

Subsidiary	Ownership	Location
Nabis Holdings Inc.	100%	Canada
Nabis Technologies Corp.	100%	Canada
Be In Synergy Inc.	100%	Canada
Abis Biopharma Corporation	100%	Canada
Nabis (CAN) Holdings Corp	100%	USA
Nabis (US) Corp.	100%	USA
Nabis AZ, LLC	100%	USA
Nabis Arizona Property, LLC	100%	USA
Perpetual Healthcare, Inc.	100%	USA
Nabis Joint Ventures (AZ), LLC	100%	USA
Nabis Hemp Holdings, LLC	100%	USA
Nabis Holdings California Inc.	100%	USA
Nabis Holdings California, LLC	100%	USA
Nabis Holdings, LLC	100%	USA
Nabis Holdings Michigan, LLC.	100%	USA
1904 Peck Street Ventures, LLC	100%	USA
1904 Peck Street, Inc.	100%	USA
1904 Peck, LLC	100%	USA
50680 28th Avenue, LLC	100%	USA
190 Wash & 140 Locust, LLC	100%	USA
190 N Washington, LLC	100%	USA
135 W. Monroe, LLC	100%	USA
Fifty Knapp Drive, LLC	100%	USA
1230 E. Michigan Avenue, LLC	100%	USA
50 Knapp, LLC	100%	USA
1230 Michigan Inc.	100%	USA
1639 S. Huron, LLC	100%	USA
1639 Huron Inc.	100%	USA
Nabis NM LLC	100%	USA
Nabis Holdings Oklahoma Inc.	100%	USA
Nabis Oklahoma Patient Care Inc.	100%	USA
Nabis Holdings Washington, LLC	100%	USA

All intercompany transactions are eliminated in full upon consolidation.

(e) Functional and presentation currency

These condensed consolidated interim financial statements are presented in Canadian dollars. The functional currency of the Company is measured using the principal currency of the primary economic environment in which each entity operates. The functional currency of the Company and its subsidiaries excluding Perpetual Healthcare, Inc. is the Canadian dollar. The functional currency of Perpetual Healthcare, Inc is the US dollar.

(f) Significant estimates and assumptions

The preparation of condensed consolidated interim financial statements in accordance with IFRS requires the Company to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and contingent liabilities at the date of the condensed consolidated interim financial statements and the reported amount of revenue and expenses during the period. Actual results could differ from these estimates. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future periods include the recoverability and measurement of deferred tax assets, the valuation of marketable securities, the recoverability of receivables, the impairment of non-financial assets, and the useful life of property and equipment.

(g) Significant judgments

The preparation of these condensed consolidated interim financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's condensed consolidated interim financial statements include the assessment of the Company's ability to continue as a going concern and whether the collection of revenue is reasonably assured, the determination of the functional currency, and the determination of asset acquisition vs business combination.

3. Significant accounting policies

The Company applied the same accounting policies in these condensed consolidated interim financial statements as those applied in the Company's annual audited consolidated financial statements as at and for the year ended December 31, 2019.

In preparing these condensed consolidated interim financial statements, the significant judgements we made in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements as at and for the year ended December 31, 2019. These condensed consolidated interim financial statements should be read in conjunction with the Company's annual audited consolidated financial statements as at and for the fourteen-month period ended December 31, 2019.

(Expressed in Canadian dollars)

4. Acquisitions

(a) Acquisition of Assets of PDT Technologies, LLC

On May 30, 2019, the Company completed an acquisition of certain assets from PDT Technologies, LLC ("PDT"), a Washington-based private company, for consideration of $402,234 (US$300,000).

The acquisition constitutes an asset acquisition as the acquired assets did not meet the definition of a business, as defined in IFRS 3, *Business Combinations*.

The allocation of consideration transferred is summarized as follows:

Assets acquired:	
Extraction and production equipment	$141,411
Lease of production facility	99,067
Option to purchase processing license	260,823
Total assets acquired	501,301
Liabilities assumed:	
Lease liability of production facility	(99,067)
Net assets acquired	$402,234
Fair value of cash consideration	$402,234

(b) Investment in Cannova Medical Ltd.

On June 25, 2019, the Company completed its acquisition of a 49% interest of Cannova Medical Ltd. ("Cannova"), a private company located in Israel that provides innovative solutions for cannabis consumption for consideration of $1,343,350 (US$1,000,000) in cash and issuance of 5,911,111 common shares with a fair value of $1,950,666. The Company also has an obligation to issue an additional 10,103,434 common shares with a fair value of $3,369,334 for total consideration of $6,663,350 (US$5,000,000). The Company also has an option to acquire the remaining 51% interest of Cannova by issuing an additional 7,388,888 common shares ("Option Shares") upon the completion of certain milestones. The Option Shares were issued and are reflected in the number of shares outstanding at March 31, 2020 and are being held in escrow until when or if the milestones are achieved. Management has assessed that these milestones will not be achieved and therefore no value has been assigned to the shares held in escrow. The option to acquire the remaining 51% interest in Cannova has a 5-year life and if not exercised, will expire on May 23, 2024.

On the acquisition date, the Company expensed the total purchase price of $6,663,350 due to the uncertainty relating to the future economic benefit associated with Cannova. Subsequent to March 31, 2020, the Company was in the process of cancelling the 13,299,999 common shares issued.

(c) Acquisition of Assets of Perpetual Health Care, Inc. including Emerald Dispensary and Infusion Edibles

In October, 2019, the Company acquired exclusive rights to operate the Emerald dispensary in Phoenix, Arizona, whose license is held by Perpetual Healthcare, Inc. ("Perpetual").

The acquisition constitutes a business combination as the acquired assets meet the definition of a business, as defined in IFRS 3, *Business Combinations*. The allocation of the fair value of the consideration transferred is summarized as follows:

Cash	$8,919,094
Fair value of US$8M promissory note	9,527,810
Fair value of consideration	**$18,446,904**

(Expressed in Canadian dollars)

Assets acquired:	
Cash	$247,204
Accounts receivable	134,619
Inventory	468,531
Prepaid assets	10,613
Capital assets	8,181
License	7,976,400
Brands	543,725
Goodwill	9,620,177
Right-of-use asset dispensary lease	118,500
Total assets acquired	**19,127,950**
Liabilities assumed:	
Accounts payable and accrued expenses	(562,546)
Dispensary lease liability	(118,500)
Total liabilities assumed	(681,046)
Fair value of purchase consideration	**$18,446,904**

The fair value of total consideration for the transaction was $18,446,904 of which $8,919,094 (US$7,000,000) was paid in cash up-front and $9,527,810 is payable 12 months after closing. The note payable has an interest rate of 5% and has a face value of US$8,000,000. The fair value of the note payable at March 31, 2020 is $10,729,424 assessed using a discount rate of 17.5%. Accretion expense for the promissory note during the three-month period ended March 31, 2020 was $273,033 (December 31, 2019 - $350,117).

The goodwill recognized on the acquisition is primarily attributed to the assembled workforce and the synergies which will contribute to operational efficiencies within the Company.

(d) Acquisition of 1904 Peck Street Ventures LLC.

On April 4, 2019, the Company completed its acquisition of 100% interest in 1904 Peck Street Ventures LLC ("1904"), a Michigan Domestic Limited Liability Company for consideration of $1,195,452 (US$895,000). The consideration consisted of a down payment of $597,726 (US$447,500), paid at closing and a mortgage payable of $597,726 (US$447,500). See Note 13 for the detailed terms of the mortgage.

The acquisition constitutes an asset acquisition as 1904 did not meet the definition of a business, as defined in IFRS 3, Business Combinations. The Company has recognized the identifiable assets and liabilities acquired at their estimated acquisition date fair values. The fair value of the land and building was estimated to be $1,128,667 and $66,785.

(e) Acquisition of 135 W. Monroe LLC

On April 3, 2019, the Company completed the acquisition of 135 W. Monroe, LLC ("135"), a Michigan Domestic Limited Liability Company for consideration of $732,820 (US$550,000). The consideration consisted of a down payment of $366,410 (US$275,000), paid at closing and a mortgage payable of $366,410 (US$275,000 See Note 13 for the detailed term of the mortgage.

The acquisition constitutes an asset acquisition as 135 did not meet the definition of a business, as defined in IFRS 3. The Company has recognized the identifiable assets and liabilities acquired at their estimated acquisition date fair values. The fair value of the land is $699,510 and the building is $33,310.

(f) Acquisition of 190 Wash & 140 Locust, LLC

On April 4, 2019, the Company completed its acquisition of 190 Wash & 140 Locust, LLC ("190"), a Michigan Domestic Limited Liability Company for consideration of $661,172 (US$495,000). The consideration consisted of a down payment of $330,586 (US$247,500), paid at closing and a mortgage payable of $330,586 (US$247,500). See Note 13 for the detailed terms of the mortgage.

The acquisition constitutes an asset acquisition as 190 did not meet the definition of a business, as defined in IFRS 3. The Company has recognized the identifiable assets and liabilities acquired at their estimated acquisition date fair values. The fair value of the land was estimated at $627,779 and the building was estimated at $33,393.

(g) Acquisition of Fifty Knapp Drive, LLC

On April 4, 2019, the Company completed its acquisition of Fifty Knapp Drive, LLC ("Fifty"), a Michigan Domestic Limited Liability Company for consideration of $2,664,722 (US$1,995,000). The consideration consisted of a down payment of $1,332,361 (US$997,500), paid at closing and a mortgage payable of $1,332,961 (US$997,500). See Note 13 for the detailed terms of the mortgage.

The acquisition constitutes an asset acquisition as Fifty did not meet the definition of a business, as defined in IFRS 3, Business Combinations. The Company has recognized the identifiable assets and liabilities acquired at their estimated acquisition date fair values. The fair value of the land was estimated at $2,597,937 and the building was estimated at $66,785.

(h) Acquisition of 50680 28th Ave, LLC

On April 23, 2019, the Company completed its acquisition of 50680 28th Ave, LLC ("50680"), a Michigan Domestic Limited Liability Company for consideration of $1,040,128 (US$775,000). The consideration consisted of a down payment of $520,064 (US$387,500), paid at closing and a mortgage payable of $520,064 (US$387,500). See Note 13 for the detailed terms of the mortgage.

The acquisition constitutes an asset acquisition as the 50680 did not meet the definition of a business, as defined in IFRS 3, Business Combinations. The Company has recognized the identifiable assets and liabilities acquired at their estimated acquisition date fair values. The fair value of the land was estimated at $1,006,575 and the building was estimated at $33,553.

(i) Acquisition of 1230 E Michigan, LLC

On October 31, 2019, the Company completed its acquisition of 1230 E Michigan, LLC ("1230"), a Michigan Domestic Limited Liability Company for consideration of $1,579,200 (US$1,200,000). The consideration consisted of a down payment of $263,200 (US$200,000), paid at closing and a mortgage payable of $1,316,000 (US$1,000,000). See Note 13 for the detailed terms of the mortgage.

The acquisition constitutes an asset acquisition as the 1230 did not meet the definition of a business, as defined in IFRS 3, Business Combinations. The Company has recognized the identifiable assets and liabilities acquired at their estimated acquisition date fair values. The fair value of the land was estimated at $1,513,400 and the building was estimated at $65,800.

(Expressed in Canadian dollars)

(j) Acquisition of 1639 S. Huron, LLC

On October 31, 2019, the Company completed its acquisition of 1639 S. Huron, LLC (“1639”), a Michigan Domestic Limited Liability Company for consideration of $526,400 (US$400,000). The consideration consisted of a down payment of $118,440 (US$90,000), paid at closing and a mortgage payable of $407,960 (US$310,000). See Note 13 for the detailed terms of the mortgage.

The acquisition constitutes an asset acquisition as the 1639 did not meet the definition of a business, as defined in IFRS 3, Business Combinations. The Company has recognized the identifiable assets and liabilities acquired at their estimated acquisition date fair values. The fair value of the land was estimated at $460,600 and the building was estimated at $65,800.

(k) Acquisition of Camp Verde asset

On September 10, 2019, the Company closed the acquisition of a cultivation, production and fulfillment facility located on land near Phoenix, Arizona, for consideration of $3,477,440 (US$2,645,000) which has been capitalized as building and improvements in the amount of $3,213,634 and land in the amount of $261,680 at December 31, 2019.

5. HST and other receivables

	March 31, 2020	December 31, 2019
HST receivable	**$473,468**	$547,849
Other receivables	**29,131**	45,223
	502,599	$593,072

6. Inventory

	March 31, 2020	December 31, 2019
Finished goods	**$1,217,727**	$558,436

During the three-months ended March 31, 2020 inventory expensed to cost of goods sold was $1,330,813 (three-months ended January 31, 2019 - $ nil).

(Expressed in Canadian dollars)

7. Property and equipment

	Land	Building and improvements	Furniture, Machinery and Equipment	Leasehold improvements	Total
Cost:					
Balance, October 31, 2017	-	-	-	-	-
Additions	-	-	$200,000	-	$200,000
Balance, October 31, 2018	-	-	200,000	-	200,000
Additions	$8,402,764	$5,564,536	1,454,835	$23,292	15,445,427
Disposals	-	-	(15,962)	-	(15,962)
Currency translation adjustment	-	-	(254)	(64)	(318)
Impairment	-	-	(200,000)	-	(200,000)
Balance, December 31, 2019	8,402,764	5,564,536	1,438,619	23,228	15,429,147
Additions	83,240	368,531	25,125	265,863	742,758
Balance. March 31, 2020	$8,486,003	$5,933,067	$1,466,797	$286,038	$16,171,905
Depreciation:					
Balance, October 31, 2017 and 2018	-	-	-	-	-
Depreciation	-	-	$255,522	$1,719	$257,241
Impairment	-	-	(66,667)	-	(66,667)
Currency translation adjustment	-	-	(58)	-	(58)
Disposals	-	-	(2,885)	-	(2,885)
Balance, December 31, 2019	-	-	185,912	1,719	187,631
Depreciation	-	5,400	137,557	1,644	144,601
Balance, March 31, 2020	-	$5,400	$323,469	$3,363	$332,235
Net book value:					
Balance, March 31, 2020	**$8,486,003**	**$5,927,667**	**$1,143,328**	**$282,675**	**$15,839,673**
Balance, December 31, 2019	$8,402,764	$5,564,536	$1,252,707	$21,509	$15,241,516

(Expressed in Canadian dollars)

8. Intangible assets

	Assets Acquired from PDT (Note4)	Assets Acquired from Perpetual (Note4)	Impairment	Total
Cost				
Balance, October 31, 2017 and 2018	-	-	-	-
Processing license option	$260,823	-	$(260,823)	-
License	-	$7,976,400	-	$7,976,400
Brands	-	$543,725	-	543,725
Balance, March 31, 2020, and December 31, 2019	260,823	$8,520,125	$(260,823)	$8,520,125
Accumulated amortization				
Balance, October 31, 2018	-	-	-	-
Amortization expense	$4,586	$165,669	(4,586)	$165,669
Balance, December 31, 2019	4,586	165,669	(4,586)	165,669
Amortization expense	-	213,003	-	213,003
Balance, March 31, 2020	$4,586	$378,672	(4,586)	$378,672
Net book value:				
March 31, 2020,	**$256,237**	**$8,141,453**	**($256,237)**	**$8,141,453**
December 31, 2019	$256,237	$8,354,456	($256,237)	$8,354,456

As at December 31, 2019, the Company completed an impairment testing on the processing license option that resulted in a nominal recoverable amount. During the fourteen months ended December 31, 2019, the Company recorded an impairment charge of $256,237. The Company determined that there were no indicators of impairment that exist for intangible assets at March 31, 2020.

9. Goodwill

During the fourteen months ended December 31, 2019, the Company recognized goodwill of $9,620,177 pursuant to the acquisition of Perpetual.

The Company determined that there were no indicators of impairment that exist for goodwill as at March 31, 2020.

(Expressed in Canadian dollars)

10. Right-of-use assets

During fiscal 2019 the Company entered into various leases for the use of office space and production facility. The following table details the change in the Company's right-of-use assets for the three-month period ended March 31, 2020:

Cost	Total
Balance, January 1, 2019, on adoption of IFRS 16	-
Addition	$420,809
Balance, March 31, 2020, and December 31, 2020	420,809
Accumulated depreciation	
Balance, December 31, 2019	(40,098)
Net book value, December 31, 2019	380,711
Depreciation	(36,647)
Net book value, March 31, 2020	**$344,064**

11. Lease liability

The following table details the change in the Company's lease liability for the three-month period ended March 31, 2020:

	Total
Balance, November 1, 2018, on adoption of IFRS 16	-
Additions	$403,656
Interest expense	16,481
Lease payments	(39,257)
Balance, December 31, 2019	380,880
Interest expense	10,098
Lease payments	(25,100)
Balance, March 31, 2020	**365,878**

	March 31, 2020	December 31, 2019
Lease liability, current	**$169,666**	$162,611
Lease liability, non-current	**196,212**	218,269
	$365,878	$380,880

(Expressed in Canadian dollars)

Future minimum lease payments outstanding under the Company's lease obligations at March 31, 2020 are as follows:

	Total
Less than 1 year	$127,746
1-5 years	257,630
Total lease payments	385,376
Amount representing implicit interests	(19,498)
Lease obligations	$365,878

12. Trade Payables and Accrued Liabilities

	March 31, 2020	December 31, 2019
Trade payables	**$1,437,639**	$1,248,803
Accrued liabilities	**212,280**	401,697
	$1,649,919	$1,650,500

13. Mortgages Payable

	Total
Balance, October 31, 2017 and 2018	-
Borrowing	$4,871,106
Repayments	(143,455)
Accrued interest	105,265
Foreign exchange impact	(106,465)
Balance, December 31, 2019	$4,726,451
Borrowing	2,121,030
Repayments	(212,805)
Accrued interest	67,786
Foreign exchange impact	486,306
Balance, March 31, 2020	**$7,188,768**
Current	$4,918,848
Non-current	2,269,920
	$7,188,768

During the three-month period ended March 31, 2020, the Company entered into a $2,121,030 (US$1,600,000) real estate backed loan agreement secured by the land and building of the Camp Verde facility in Arizona, which bears interest at 12%. The loan is being paid monthly, interest only until March 1, 2025 but can be prepaid at any time subject to certain terms and conditions.

14. Note payable

In October 2019, the Company acquired exclusive rights to operate the Emerald dispensary in Phoenix, Arizona, whose license is held by Perpetual Healthcare, Inc. ("Perpetual"). The fair value of total consideration for the transaction was $18,446,904 of which $8,919,094 was paid in cash up-front and the balance, in the form of a note payable with an interest rate of 5% and a face value of US$8,000,000 is due 12 months after closing.

(Expressed in Canadian dollars)

At March 31, 2020, the fair value of the note payable is $10,729,424. Accretion expense for the note payable during the three-month period ended March 31, 2020 was $273,033 (January 31, 2019 - $nil).

15. Convertible Debentures

On March 26, 2019, the Company issued 35,088 units of unsecured convertible debentures at a price of $1,000 per unit for total principal of $35,088,000; each unit also consists of 1,111 warrants with an exercise price of $1.10 per common share and expires on March 26, 2022. These convertible debentures will mature on March 26, 2022, with coupon rate of 8% per annum, payable on the last day of each calendar quarter and are convertible into common shares of the Company at a conversion price of $0.90 per share at the option of the holder.

The Company paid cash commissions and transaction fees of $3,091,030 on the sale of the debenture units, and issued 1,855,334 broker warrants, each carrying the right to purchase one broker unit at a price of $0.90 per broker unit until March 26, 2022. Each broker unit consists of one common share and one warrant.

The Company estimates 20% to be the market interest rate for a similar debt instrument without a conversion option of these convertible debentures and applied this rate to obtain the fair value ($26,633,198) of the convertible debentures at inception. The Company applied the residual method to record the fair value of the conversion option of $8,454,802 to the Company's reserves. The fair value recorded was offset by the cash commissions paid to the agents.

In the event of default, the outstanding principal and accrued interest of the convertible debentures becomes due and payable immediately upon request of the trustee or convertible debenture holders of not less than 25% in principal amount of the convertible debenture then outstanding.

Convertible debentures consisted of the following

	March 31, 2020	December 31, 2019
Balance, beginning of period	**$25,823,984**	-
Proceeds from issuance of convertible debenture	**-**	$35,088,000
Amount allocated to equity on issuance of convertible debenture	**-**	(8,454,802)
Transaction costs allocated to host debt	**-**	(3,057,852)
Accretion expense	**815,108**	2,248,638
Interest expense	**701,760**	2,144,228
Interest paid	**(701,760)**	(2,144,228)
Balance, end of period	**$26,639,092**	$25,823,984

In June 2020, the Company deferred the quarterly interest payment of the unsecured convertible debentures which was due on June 30, 2020 because of COVID-19 and believes the Company is not in default in accordance with the force majeure clause as set out in the Indenture dated March 26, 2019 between the Company and Odyssey Trust Company (the "Trustee").

(Expressed in Canadian dollars)

16. Related Party Transactions

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel is as follows:

	March 31, 2020	January 31, 2019
Management and consulting fees	**$495,835**	$65,965
Salaries and wages	**209,203**	110,000
Share-based compensation	**110,000**	639,796
	$815,038	$716,761

At March 31, 2020, $33,771 (December 31, 2019 - $155,362) is included in trade payables and accrued liabilities from amounts owing to related parties.

17. Share Capital

(a) Authorized Share Capital

At March 31, 2020, the authorized share capital of the Company consists of an unlimited number of no par value common shares. The common shares are voting and are entitled to dividends if, as and when declared by the Board of Directors.

(b) Common shares issued and outstanding during the period

For the three months ended March 31, 2020

In November, 2019, the Board of Directors approved the grant of an aggregate of 8,725,000 Restricted Share Units under the Company's Restricted Share Unit Plan (the "Plan") to certain Officers, Directors and Employees of the Company ("RSU Recipients"); 6,225,000 of the RSU's granted vested immediately, 2,000,000 RSU's vested on January 2, 2020 and the balance of 500,000 RSU's will vest on December 31, 2020.

During the three-months ended March 31, 2020, the Company recognized a total of $110,000 (January 31, 2019- $nil) as share-based compensation related to RSUs.

For the fourteen months ended December 31, 2019

In November 2018, the Company closed a private placement financing consisting of 40,000,000 shares at a price of $0.05 per share for gross proceeds of $2,000,000. Of the total proceeds, $687,500 were received in October 2018 and an equivalent amount was reallocated from shares to be issued to share capital. In connection with the private placement, the Company issued 1,250,000 common shares as finders' fees with a fair value of $62,500 and issued 1,250,000 brokers' warrants to purchase up to 1,250,000 common shares at $0.05 per share for two years following the issuance date. Using the Black-Scholes Option Pricing Model, the brokers' warrants were valued at a fair value of $158,010, assuming a risk-free interest rate of 2.27%, an expected life of two years, an expected volatility of 145.87% and no expected dividends.

In November 2018, the Company closed a private placement and issued 21,933,335 shares at a price of $0.15 per share for gross proceeds of $3,290,000. Concurrent with the private placement, Company issued 1,399,998 shares for debt settlement with certain arms-length creditors in the amount of $210,000. The Company issued 1,476,000 common shares as finders' fee with a fair value of $221,400 and issued 1,476,000 brokers' warrants to purchase up to 1,476,000 common shares at $0.15 per share for two years following the issuance date. Using the Black-Scholes Option Pricing Model, brokers' warrants were valued at a fair value of $480,101, assuming a risk-free interest rate of 2.21% - 2.23%, an expected life of two years, an expected volatility of 153.50% - 154.27% and no expected dividends.

In connection with the aforementioned private placements, the Company paid share issuance cost of $17,653 in cash.

In December 2018, the Company issued 1,250,000 common shares upon exercise of 1,250,000 brokers' warrants for cash proceeds of $62,500. The fair value of the brokers' warrants of $158,010 was transferred from reserve to share capital.

In February 2019, the Company issued 362,500 common shares upon exercise of 362,500 options for cash proceeds of $58,000. The fair value of the options of $54,375 was transferred from reserve to share capital.

In February 2019, the Company issued 155,000 common shares upon exercise of 155,000 warrants for cash proceeds of $116,250. The fair value of the warrants of $42,887 was transferred from reserve to share capital.

In April 2019, the Company issued 125,000 common shares upon exercise of 125,000 options for cash proceeds of $20,000. The fair value of the options of $18,750 was transferred from reserve to share capital.

In May 2019, the Company issued 62,500 common shares upon exercise of 62,500 options for cash proceeds of $10,000. The fair value of the options of $9,375 was transferred from reserve to share capital.

In June 2019, the Company issued 13,299,999 common shares to acquire Cannova Medical Ltd. As at December 31, 2019, 7,388,888 of these shares are held in escrow and will be released upon completion of certain milestones. The Company also has an obligation to issue an additional 10,103,434 common shares relating to the purchase of Cannova (see Note 4).

In July 2019, the Company issued 432,125 common shares upon exercise of 432,125 warrants for cash proceeds of $64,818. The fair value of the warrants of $141,742 was transferred from reserve to share capital.

In August 2019, the Company issued 259,095 common shares upon exercise of 259,095 warrants for cash proceeds of $38,864. The fair value of the warrants of $82,684 was transferred from reserve to share capital.

In October 2019, the Company issued 300,000 common shares with a fair value of $25,500 as compensation for consulting services received.

In November, 2019, the Board of Directors approved the grant of an aggregate of 8,725,000 Restricted Share Units under the Company's Restricted Share Unit Plan (the "Plan") to certain Officers, Directors and Employees of the Company ("RSU Recipients"); 6,225,000 of the RSU's granted vested immediately, 2,000,000 RSU's vested on January 2, 2020 and the balance of 500,000 RSU's will vest on December 31, 2020. The RSU's have been granted to the RSU Recipients as compensation for their services to the Company and as an incentive mechanism to foster long-term success of the Company. Each RSU carries the right to receive one common share of the Company upon vesting; certain RSU Recipients have vesting conditions attached to their grant. The issuance of the RSUs are subject to the terms of the Plan and all required approvals, including, if applicable, the approval of the Canadian Security Exchange.

(Expressed in Canadian dollars)

(c) Stock Options

	Number of Options	Option Reserve	Weighted Average Exercise Price ($)
Balance at October 31, 2018 and 2017	-	$130,901	-
Stock options issued	8,960,000	-	0.20
Stock options exercised	(550,000)	(82,500)	0.16
Stock options forfeited	(50,000)	(5,609)	0.59
Stock based compensation expense	-	1,393,296	-
Balance at December 31, 2019	8,360,000	1,436,088	0.20
Stock options issued [i]	265,000	-	0.10
Stock based compensation expense	-	36,297	-
Balance at March 31, 2020	**8,625,000**	**$1,472,385**	**$0.21**

[i] During the three-month period ended March 31, 2020, the Company issued 265,000 stock options with a fair value of $ $12,445.

The Company recorded stock-based compensation for the options granted during the three-month period ended March 31, 2020 using the Black-Sholes option pricing model with the following assumptions:

Risk-free interest rate	0.66% - 1.66%
Dividend yield	0.00%
Expected volatility	139.23 – 142.57
Expected life	5 years

The weighted average life remaining of the options at March 31, 2020 is 3.7 years.

A continuity of the Company's options is as follows:

Expiry Date	**Number of options outstanding**	**Number of options exercisable**	**Weighted Average Exercise Price ($)**	**Weighted average remaining life (years)**
November 13, 2023	4,750,000	4,750,000	0.16	3.6
November 13, 2023	250,000	250,000	0.38	3.6
December 3, 2023	550,000	550,000	0.47	3.7
January 10, 2024	250,000	250,000	0.42	3.8
January 23, 2024	250,000	250,000	0.68	3.8
May 7, 2024	75,000	-	0.65	2.1
June 7, 2024	50,000	50,000	0.59	2.1
August 19, 2024	50,000	-	0.20	4.4
October 1, 2024	2,000,000	-	0.10	4.5
November 13, 2024	135,000	-	0.10	4.6
January 24, 2024	65,000	-	0.10	4.8
February 7, 2024	200,000	-	0.10	4.9
	8,625,000	6,100,000	$0.21	4.3

(Expressed in Canadian dollars)

(d) Warrants

	Number of Warrants	Weighted Average Exercise Price ($)
Balance at October 31, 2017	**-**	**-**
Issued	6,120,745	0.75
Balance at October 31, 2018	6,120,745	**0.75**
Issued	43,564,102	1.03
Exercised	(2,096,220)	0.26
Expired unexercised	(5,965,745)	0.75
Balance at March 31, 2020 and December 31, 2019	**41,622,882**	**$1.07**

The expiry of warrants is as follows:

Grant Date	Expiry Date	Number of warrants issued	Weighted Average Exercise Price ($)
November 21, 2018	November 21, 2020	784,780	0.15
March 26, 2019	March 26, 2021	1,855,334	0.90
March 26, 2019	March 26, 2022	38,982,768	1.10
		41,622,882	**$1.07**

The weighted average life remaining of the warrants at March 31, 2020 is 1.92 years.

18. Retail and wholesale revenue

	Three months ended March 31, 2020	Three months ended January 31, 2019
Retail revenue	**$2,306,959**	-
Wholesale revenue	**-**	-
	$2,306,959	-

(Expressed in Canadian dollars)

19. Selling, general and administrative expenses

	Three months ended March 31, 2020	Three months ended January 31, 2019
Salaries and benefits	**907,807**	119,960
Consulting and management fees	**121,704**	710,118
Sales and marketing	**98,991**	4,425
Rent and occupancy	**192,138**	-
Travel	**29,269**	84,307
Insurance	**19,413**	20,578
Professional fees	**376,662**	855,760
Office and general	**65,919**	97,096
Business development, investor relations and filing fees	**47,001**	447,157
Banking and merchant fees	**15,406**	912
	1,874,310	$2,340,313

20. Financial Risk Management and Capital Management

The Company is exposed to varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit Risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts and its trade receivables. Cash deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by one bank, there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

Liquidity Risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

(Expressed in Canadian dollars)

The following table details the remaining contractual maturities of the Company's financial liabilities as of March 31, 2020:

	Within 1 year	1 to 2 years	2 – 5 years	Total
Trade payables and accrued liabilities	$1,649,919	-	-	$1,649,919
Mortgages payable	4,918,848	-	2,269,920	7,188,768
Note payable	10,729,424	-	-	10,729,424
Convertible debentures	2,807,040	37,856,092	-	40,663,132
Lease liabilities	169,666	218,269	-	387,935
Balance, March 31, 2020	$20,274,897	$38,074,361	$2,269,920	$60,619,178

Historically the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements and convertible debenture financing. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Foreign Exchange Risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to foreign currency risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk is minimal.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit.

There were no changes in the company's capital management during the year. The Company is not subject to any internally imposed capital requirements.

Fair Value

The fair value of the Company's financial assets and liabilities approximates the carrying amount. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

The Company did not have any marketable securities at March 31, 2020.

The Company determined that the carrying values of its short-term financial assets and liabilities approximate the corresponding fair values because of the relatively short periods to maturity of these instruments and the low credit risk.

(Expressed in Canadian dollars)

The carrying value of the Company's convertible debentures approximates fair value as the liability component was discounted using an estimated market rate.

There were no transfers between the levels of the fair value hierarchy during the period.

21. Segmented information

Geographical information related the Company's activities is as follows:

Revenue:

	Three months ended March 31, 2020	Three months ended January 31, 2019
United States	**$2,306,959**	-
Canada	**-**	-
	$2,306,959	-

Non-current assets:

	March 31, 2020	December 31, 2019
United States	**$33,743,863**	$33,410,55
Canada	**201,504**	186,30
	$33,945,367	$33,596,86

22. Contingency

In November 2019, litigation was commenced against the Company pertaining to certain consulting service arrangements for consideration of up to USD $616,000. While the outcome of the lawsuit cannot be predicted with certainty, the Company is of opinion that the litigation is frivolous and without merit.

23. Subsequent events

The recent outbreak of the coronavirus, also known as "COVID-19," has spread across the globe and is impact on the worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company's business activities. The extent to which the coronavirus may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. The effect that these events will have on the ability for the Company to raise capital, and continue the construction of cannabis assets in the states of Arizona, Michigan and Washington, and the supply of product and inventory are highly uncertain and as such, the Company cannot determine the corresponding financial impacts at this time.

In June 2020, the Company reached an agreement with the vendors of the Michigan properties and the repayment terms were modified such that the Michigan mortgages are due on August 1, 2020. The Company is to make total payments of interest and principle in the amount of $4,918,848 (US$3,467,152), of which $80,053 (US$56,427) has been paid.

In June 2020, the Company deferred the quarterly interest payment of the unsecured convertible debentures which was due on June 30, 2020 because of COVID-19 and believes the Company is not in default in accordance with the force majeure clause as set out in the Indenture dated March 26, 2019 between the Company and Odyssey Trust Company (the "Trustee").

On July 13, 2020, the Company received notice from the Trustee indicating that the missed June interest payment constitutes an Event of Default as defined in the Indenture and accordingly, the outstanding $35,791,759 representing principal and accrued interest (the "Indebtedness") of the unsecured convertible debentures are due and payable by July 23, 2020. The notice failed to address the Company's reliance on the force majeure clause which states that an interest payment missed due to epidemics or governmental actions do not constitute an Event of Default. The Company disagrees with the Trustee's position and will vigorously defend any steps taken by the Trustee to recover payment of the Indebtedness.

On July 15, 2020, the Company received a binding offer to sell the cultivation, production and fulfillment facility located in Camp Verde, Arizona, for gross proceeds of US$4,500,000. The potential buyer has funded the purchase price as funds are being held in Escrow until close. The sale is conditional on management receiving Board approval and other customary closing conditions. The sale of the facility is expected to close no later than July 31, 2020.