Condensed Consolidated Interim Financial Statements of

NABIS HOLDINGS INC.

(formerly Innovative Properties Inc.)

For the period ended September 30, 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.

November 30, 2020

NABIS HOLDINGS INC. (formerly Innovative Properties Inc.)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian dollars)

As at	Note	**September 30, 2020**	December 31, 2019
ASSETS			
Current Assets			
Cash		**$3,338,463**	$2,504,258
HST and other receivables	4	**65,836**	593,072
Inventory	5	**1,254,552**	558,436
Prepaids and deposits		**452,075**	253,397
		5,110,926	3,909,163
Non-Current Assets			
Property and equipment	6	**974,419**	15,241,516
Intangible assets	7	**7,715,447**	8,354,456
Goodwill	8	**9,620,177**	9,620,177
Right-of-use assets	9	**269,426**	380,711
TOTAL ASSETS		**$23,690,395**	$37,506,023
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Trade payables and accrued liabilities	11	**$2,222,153**	$1,650,500
Lease liabilities	10	**164,641**	162,611
Mortgages payable	12	**-**	4,726,451
Note payable	13	**10,664,571**	9,652,994
		13,051,365	16,192,556
Non-current Liabilities			
Convertible debentures	14	**28,433,508**	25,823,984
Lease liabilities	10	**124,944**	218,269
TOTAL LIABILITIES		**41,609,817**	42,234,809
SHAREHOLDERS' DEFICIENCY			
Share capital	16	**12,862,367**	12,662,367
Shares to be issued	16	**3,369,334**	3,369,334
Reserves	16	**12,310,294**	12,266,537
Accumulated other comprehensive income (loss)		**(642,180)**	(58,942)
Deficit		**(45,819,237)**	(32,968,082)
TOTAL SHAREHOLDERS' DEFICIENCY		**(17,919,422)**	(4,728,786)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$23,690,395**	37,506,023

Nature of operations and going concern	1
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These condensed consolidated interim financial statements were approved for issue on behalf of the Board of Directors on November 30, 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)

			Three months ended		Nine months ended	
	Note		**September 30, 2020**	July 31, 2019	**September 30, 2020**	July 31, 2019
Retail and wholesale revenues	17	$	**4,149,947**	- $	**10,444,683**	-
Cost of goods sold			**2,290,375**	-	**5,766,068**	-
Gross profit			**1,859,572**	-	**4,678,615**	-
Operating expenses						
Selling, general and administrative	18		**1,973,469**	3,634,872	**5,653,465**	9,341,566
Share-based compensation	16		**90,000**	7,953	**243,757**	1,334,572
Depreciation and amortization	6,7,8		**371,184**	89,779	**1,144,874**	139,828
Total Operating Expenses			**2,434,653**	3,732,604	**7,042,096**	10,815,966
Loss from operations			**(575,081)**	(3,732,604)	**(2,363,481)**	(10,815,966)
Other Items						
Accretion expense	13,14		**(1,227,026)**	(736,692)	**(3,466,883)**	(1,000,023)
Change in fair value of marketable securities			**-**	(8,371)	**-**	(166,989)
Foreign exchange gain (loss)			**129,293**	48,488	**(145,525)**	11,092
Interest and other income			**47,626**	101,070	**94,108**	137,143
Interest expense	12,13,14		**(716,217)**	(700,130)	**(2,350,723)**	(1,079,777)
Gain from sale of asset			**1,086,091**	1,216	**1,086,091**	1,216
Loss on asset write off			**(5,704,743)**	-	**(5,704,743)**	-
Share of loss of Cannova Medical			**-**	(139,013)	**-**	(139,013)
			(6,384,976)	(1,433,432)	**(10,487,674)**	(2,236,351)
Net loss for the period			**(6,960,057)**	(5,166,036)	**(12,851,155)**	(13,052,317)
Items that may be reclassified to profit or loss						
Exchange differences on translation of foreign operations			**(41,188)**	-	**(583,238)**	-
Total comprehensive loss			**(7,001,245)**	(5,166,036)	**(13,434,393)**	(13,052,317)
Basic and diluted loss per share			**(0.06)**	(0.05)	**(0.11)**	(0.14)
Weighted average number of common shares outstanding, basic and diluted			**120,790,309**	101,494,364	**119,008,270**	93,546,943

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 nine months ended September 30, 2020 and July 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	**5,600,000**	**200,000**	**-**	**43,757**	**-**	**-**	**243,757**
Unrealized gain/loss on translation of foreign operations	**-**	**-**	**-**	**-**	**(583,238)**	**-**	**(583,238)**
Share adjustment	**24**	**-**	**-**	**-**	**-**	**-**	**-**
Net loss and comprehensive loss	**-**	**-**	**-**	**-**	**-**	**(12,851,155)**	**(12,851,155)**
Balance as September 30, 2020	**121,729,441**	**$12,862,367**	**$3,369,334**	**$12,310,294**	**($642,180)**	**($45,819,237)**	**($17,919,422)**

	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
Convertible debentures	-	-	-	12,125,719	-	-	12,125,719
Shares issued for acquisition	13,299,999	11,969,999	-	-	-	-	11,969,999
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	-	(1,859,559)	-	-	-	-	(1,859,559)
Finders' fee warrants	-	-	-	1,575,659			1,575,659
Exercise of warrants	587,125	366,916	-	(185,846)	-	-	181,070
Exercise of finders' fee warrants	1,250,000	220,510	-	(158,010)	-	-	62,500
Stock-based compensation	-	-	-	1,334,572	-	-	1,334,572
Exercise of options	550,500	175,720	-	(87,720)	-	-	88,000
Net loss and comprehensive loss	-	-	-	-	-	(13,052,317)	(13,052,317)
Balance as July 31, 2019	109,345,322	$21,170,984	$-	$16,931,312	$-	($19,729,752)	$18,372,544

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)

	Nine-month period ended September 30, 2020	Nine-month period ended July 31, 2019
Operating Activities		
Net loss for the period	**($12,851,155)**	($13,052,317)
Adjustment for non-cash items		
Accretion expense	**3,466,883**	1,000,023
Depreciation and amortization	**1,144,874**	139,828
Bad debt	**-**	4,425
Change in fair value of marketable securities	**-**	166,989
Interest expense	**1,403,520**	272,199
Stock-based compensation	**243,757**	1,334,572
Unrealized foreign exchange (gain) loss	**(577,820)**	-
Loss on disposal of property	**5,704,743**	-
Gain on sale of property and equipment	**(1,086,091)**	-
Changes in non-cash working capital items:		
HST and other receivables	**527,236**	(156,138)
Inventory	**(696,116)**	-
Prepaids and deposits	**(27,903)**	(3,203,637)
Trade payables and accrued liabilities	**(198,676)**	312,142
Net cash flow used in operating activities	**(2,946,748)**	(13,181,914)
Investing Activities		
Proceeds from sale of property and equipment	**5,634,445**	-
Acquisition of property and equipment, net	**(1,734,479)**	(4,155,955)
Acquisition of intangible assets	**-**	(265,409)
Acquisition of Cannova Medical	**-**	(1,204,337)
Net cash flow used investing activities	**3,899,966**	(5,625,701)
Financing Activities		
Issuance of shares for cash, net	**-**	4,812,500
Exercise of warrants	**-**	243,570
Exercise of options	**-**	88,000
Issuance of debentures, net	**-**	33,214,140
Mortgage advances	**2,121,030**	-
Mortgage repayments	**(2,453,801)**	-
Payment of lease liability	**(91,295)**	-
Net cash flow provided by financing activities	**(424,066)**	38,358,210
Foreign exchange effect on cash	**305,053**	-
Change in cash	**834,205**	19,550,595
Cash, beginning of period	**2,504,258**	705,836
Cash, end of period	**$3,338,463**	20,256,431

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 Canada Business Corporation Act and later continued into British Columbia on May 29, 2019, when 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.

These condensed consolidated interim financial statements have been prepared using IFRS applicable to a going concern, which assumes that the Company will be able to continue its operations and will be able to realize its assets and settle its liabilities in the normal course of business as they come due in the foreseeable future. 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.

For the nine months ended September 30, 2020, the Company reported a comprehensive loss of $13,434,393 and an accumulated deficit of $45,819,237, including a loss on disposal of $5,704,743 relating to the default and loss of ownership of the Michigan assets. In addition, the Company has not made the June 30, 2020 and September 30, 2020 quarterly interest payments totaling $1,403,520 accrued on the convertible debentures (Note 14). 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.

In August, 2020, given the liquidity constraints the Company was facing and the overall decline in the Cannabis capital markets, the Company's Board of Directors formed a Special Committee to initiate a strategic alternative review process. As part of this process, subsequent to the nine-month period ended September 30, 2020, the Special Committee recommended the Company enter into a support agreement (the "Support Agreement") with certain holders of the Company's outstanding $35 million principal amount 8.0% unsecured convertible debentures. Pursuant to the Support Agreement, the Debentureholders have agreed to support a recapitalization plan for Nabis that will, subject to required approval of Nabis' creditors and the Ontario Superior Court of Justice, result in the recapitalization of the Debentures and all other debts of the Company, including the June 30 and September 30 missed interest payments. The Recapitalization is to be implemented pursuant to a proposal under the Bankruptcy and Insolvency Act of Canada (the "BIA") which was filed with the Official Receiver on November 23, 2020.

The material terms of the Proposal are: (i) the cancellation of all of the common shares, preferred shares, warrants, stock options and any other similar equity-type securities in the capital of the Company ; (ii) all Equity Claims will be irrevocably and finally extinguished upon implementation of the Proposal; (iii) in full and final satisfaction of all Creditor claims, which will be irrevocably and finally extinguished, on the implementation date of the Proposal, Nabis shall issue and pay to each Creditor its pro rata share of: (a) 3,700,000 new common shares in the capital of the Company; and (b) new 5.3% first lien notes in the aggregate amount of $23 million due 2022 on the terms set out in the Proposal; and (iv) certain persons, including the Company and each of its affiliates and the Debentureholders party to the Support Agreement, and each of their respective former and current officers, directors, principals and employees, will receive releases of certain claims pursuant to the BIA.

KSV Restructuring Inc. has been appointed as the proposal trustee pursuant to the BIA in respect of the Proposal. Under the Support Agreement, the Debentureholders party thereto have agreed, subject to certain conditions precedent and termination rights, to support and vote for the Proposal at the meeting of the Creditors to be held on December 14, 2020. Under the terms of the Support Agreement, Nabis has agreed to certain customary covenants and restrictions with respect to its business and operations until the Proposal has been implemented.

Under the Support Agreement, the Debentureholders party thereto have agreed, subject to certain conditions precedent and termination rights, to support and vote for the Proposal at the meeting of the Creditors to be held on December 14, 2020 (the "Creditors' Meeting"). Under the terms of the Support Agreement, Nabis has agreed to certain customary covenants and restrictions with respect to its business and operations until the Proposal has been implemented. Information relating to the Creditors' Meeting has been posted on the website of the Proposal Trustee at https://www.ksvadvisory.com/insolvency-cases/case/nabis-holdings.

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 and nine-month periods ended September 30, 2020, the comparative period represents the three and nine-month periods ended July 31, 2019.

(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 and nine month periods ended September 30, 2020 and July 31, 2019.

These condensed consolidated interim financial statements for the three and nine-months ended September 30, 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting. These condensed consolidated interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Company's annual consolidated financial statements as of December 31, 2019, which were filed on July 3, 2020 on SEDAR. These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors of the Company on November 30, 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.

(Expressed in Canadian dollars)

(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.

4. HST and other receivables

	September 30, 2020	December 31, 2019
HST receivable	**$42,920**	$547,849
Trade and other receivables	**22,916**	45,223
	$65,836	$593,072

5. Inventory

	September 30, 2020	December 31, 2019
Finished goods	**$1,254,552**	$558,436

(Expressed in Canadian dollars)

During the three and nine-month periods ended September 30, 2020 inventory expensed to cost of goods sold was $2,290,375 and $5,766,067 respectively. (Three and nine-month periods ended July 31, 2019 - $ nil)

6. 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	198,039	1,168,626	101,952	265,863	1,734,479
Disposals	(8,600,803)	(6,668,362)	(123,366)	(253,848)	(15,646,378)
Balance, September 30, 2020	-	$64,800	$1,417,205	$35,243	$1,517,248
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	-	16,200	333,113	5,885	355,198
Balance, September 30, 2020	-	$16,200	$519,025	$7,604	$542,829
Net book value:					
Balance, September 30, 2020	**-**	**$48,600**	**$898,180**	**$27,639**	**$974,419**
Balance, December 31, 2019	$8,402,764	$5,564,536	$1,252,707	$21,509	$15,241,516

(i) On July 17, 2020, the Company closed the sale of its cultivation, production and fulfillment facility located in Camp Verde, Arizona, for gross proceeds of $6,090,300 (US$4,500,000). After the discharge of the first mortgage and payment of other associated costs, the Company received net cash proceeds of $3,368,222 (US$2,488,711). The Camp Verde facility had a net book value of $4,906,744 and the Company recorded a gain on disposal of $1,086,091.

(ii) On August 31, 2020, the Company defaulted on the mortgages relating to the Michigan properties. As a result of the default, ownership of the properties reverted back to the seller. At the time of default, the properties had a carrying value of $10,482,589 and associated mortgage obligations of $4,777,846, resulting in a loss on disposal of $5,704,743 recognized during the three and nine-month periods ended September 30, 2020.

(Expressed in Canadian dollars)

7. Intangible assets

	Assets Acquired from PDT	Assets Acquired from Perpetual	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, September 30, 2020	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	-	639,009	-	639,009
Balance, September 30, 2020	$4,586	$804,678	(4,586)	$804,678
Net book value:				
September 30, 2020	**$256,237**	**$7,715,447**	**($256,237)**	**$7,715,447**
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 as at September 30, 2020.

8. 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 September 30, 2020.

(Expressed in Canadian dollars)

9. Right-of-use assets

During fiscal 2019 the Company entered into various leases for the use of office space and a production facility. The following table details the change in the Company's right-of-use assets for the nine-month period ended September 30, 2020:

Cost	Total
Balance, January 1, 2019, on adoption of IFRS 16	-
Addition	$420,809
Balance, September 30, 2020	420,809
Accumulated depreciation	
Balance, December 31, 2019	(40,098)
Net book value, December 31, 2019	380,711
Depreciation	(111,285)
Net book value, September 30, 2020	**$269,426**

10. Lease liability

The following table details the change in the Company's lease liability for the nine-month period ended September 30, 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	27,999
Lease payments	(119,294)
Balance, September 30, 2020	**$289,585**

	September 30, 2020	December 31, 2019
Lease liability, current	**$164,641**	$162,611
Lease liability, non-current	**129,944**	218,269
	$289,585	$380,880

(Expressed in Canadian dollars)

Future minimum lease payments outstanding under the Company's lease obligations at September 30, 2020 are as follows:

	Total
Less than 1 year	$166,672
1-5 years	125,677
Total lease payments	292,349
Amount representing implicit interests	(2,764)
Lease obligations	$289,585

11. Trade Payables and Accrued Liabilities

	September 30, 2020	December 31, 2019
Trade payables	**$1,856,870**	$1,248,803
Accrued liabilities	**365,283**	401,697
	$2,222,153	$1,650,500

12. 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	(288,361)
Accrued interest	21,805
Foreign exchange impact	208,566
Balance, June 30, 2020	**$6,789,491**
Default of Michigan mortgages	(4,777,846)
Repayment of Camp Verde mortgage	(2,219,576)
Foreign exchange impact	207,931
Balance, September 30, 2020	**$ -**

13. 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 September 30, 2020, the fair value of the note payable is $10,664,571. Accretion expense for the note payable during the three and nine-month periods ended September 30, 2020 was $295,597 and $857,360 (April 30, 2019 - $nil and $nil). See Subsequent Event note 22.

14. 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 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

	September 30, 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	**2,609,524**	2,248,638
Interest expense	**2,105,280**	2,144,228
Interest paid	**(701,760)**	(2,144,228)
Interest accrued	**(1,403,520)**	-
Balance, September 30, 2020	**$28,433,508**	$25,823,984

Due to COVID-19, the Company did not pay the quarterly interest payments on the unsecured convertible debentures due June 30, 2020 and due to liquidity constraints, failed to make the September 30, 2020 interest payment. These payments, totaling $1,403,520 are included in accounts payable and accrued liabilities at September 30, 2020. See Subsequent Event note 22.

(Expressed in Canadian dollars)

15. 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:

	September 30, 2020	July 31, 2019
Management and consulting fees	**$37,500**	$739,604
Salaries and wages	**538,695**	215,038
Share-based compensation	**200,000**	7,953
	$776,195	$962,595

At September 30, 2020, $9,161 (December 31, 2019 - $155,362) is included in trade payables and accrued liabilities for amounts owing to related parties.

16. Share Capital

(a) Authorized Share Capital

At September 30, 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 nine-months ended September 30, 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, 300,000 RSU's were forfeited during the nine-month period ended September 30, 2020 and the balance of 200,000 RSU's are scheduled to vest on December 31, 2020. See Subsequent Event note.

On July 24, 2020, the Company issued 3,600,000 RSU's to certain employees as compensation for their services to the Company and as an incentive mechanism to foster long-term commitment. Each RSU carries the right to receive one common share of the Company upon vesting. The RSU's vested immediately upon grant.

During the three and nine-months ended September 30, 2020, the Company recognized $90,000 and $200,000 respectively as share-based compensation related to RSUs (three and nine-months ended July 31, 2019- $nil).

(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 options forfeited	(2,310,000)	(192,331)	0.10
Stock based compensation expense	-	43,757	-
Balance at September 30, 2020	**6,315,000**	**$1,287,514**	**$0.23**

[i] During the three and nine-month periods ended September 30, 2020, the Company issued nil and 265,000 stock options respectively, with a fair value of $12,445.

[ii] During the three and nine-month periods ended September 30, 2020, 2,310,000 stock options were forfeited of which 1,000,000 were fully vested and had a fair value of $161,414 which has been reclassified within Reserves.

The Company recorded stock-based compensation for the options granted during the nine-month period ended September 30, 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 September 30, 2020 is 3.3 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	3,750,000	3,750,000	0.16	3.1
November 13, 2023	250,000	250,000	0.38	3.1
December 3, 2023	550,000	550,000	0.47	3.2
January 10, 2024	250,000	250,000	0.42	3.3
January 23, 2024	250,000	250,000	0.68	3.3
May 7, 2024	75,000	75,000	0.65	1.6
August 19, 2024	50,000	50,000	0.20	3.9
October 1, 2024	1,000,000	-	0.10	4.0
November 13, 2024	75,000	-	0.10	4.1
January 24, 2024	65,000	-	0.10	4.3
	6,315,000	**5,175,000**	**$0.23**	**3.3**

(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 September 30, 2020	**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 September 30, 2020 is 1.5 years.

17. Retail and wholesale revenue

	Three months ended		Nine months ended	
	September 30, 2020	July 31, 2019	**September 30, 2020**	July 31, 2019
Retail revenue	**$ 4,149,947**	$ -	**$ 10,444,683**	$ -
Wholesale revenue	-	-	-	-
Total revenue	**$ 4,149,947**	$ -	**$ 10,444,683**	$ -

(Expressed in Canadian dollars)

18. Selling, general and administrative expenses

	Three-months ended		Nine-months ended	
	September 30, 2020	July 31, 2019	**September 30, 2020**	July 31, 2019
Salaries and benefits	**$ 962,344**	$ 215,038	**$ 2,847,226**	$ 560,345
Consulting and management fees	**26,834**	739,604	**190,192**	1,816,890
Sales and marketing	**72,458**	687,784	**230,075**	1,731,340
Rent and occupancy	**257,513**	-	**701,189**	-
Travel	**4,598**	99,516	**40,602**	277,386
Insurance	**24,602**	61,306	**56,930**	151,335
Professional fees	**506,656**	300,667	**941,741**	2,753,215
Office and general	**80,390**	82,879	**500,244**	222,776
Business Development, investor relations and filing fees	**20,044**	1,445,717	**93,322**	1,823,563
Banking and merchant fees	**18,029**	2,361	**51,944**	4,716
Total	**$ 1,973,469**	$ 3,634,872	**$ 5,653,465**	$ 9,341,566

19. Financial Risk Management and Capital Management

See "Recapitalization Plan" discussion in note 1.

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 September 30, 2020:

	Within 1 year	1 to 2 years	2 – 5 years	Total
Trade payables and accrued liabilities	$2,222,155	-	-	$2,222,155
Note payable	10,664,571	-	-	10,664,571
Convertible debentures	4,210,560	36,491,520	-	40,702,080
Lease liabilities	170,843	173,645	238,601	583,089
Balance, September 30, 2020	**$17,268,129**	**$36,665,165**	**$238,601**	**$54,171,895**

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. See "Subsequent Event" note 22.

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 September 30, 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. See Subsequent Event note.

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

20. Segmented information

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

Revenue:

	Three-months ended		Nine-months ended	
	September 30, 2020	July 31, 2019	**September 30, 2020**	July 31, 2019
United States	**$ 4,149,947**	$ -	**$ 10,444,683**	$ -
Canada	**-**	-	**-**	-
Total revenue	**$ 4,149,947**	$ -	**$ 10,444,683**	$ -

Non-current assets:

	September 30, 2020	December 31, 2019
United States	**$17,747,832**	$33,410,55
Canada	**831,637**	186,30
	$18,579,469	$33,596,86

21. 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 the opinion that the litigation is frivolous and without merit.

22. Subsequent events

(i) 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 coronavirus has significantly affected the Company's ability to raise funds through debt or equity. The extent to which the coronavirus may impact the Company's business activities in the future 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 in the future, and continue the construction of cannabis assets in the states of Arizona 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.

(ii) On October 25, 2020, the Company's wholly owned subsidiary, Nabis AZ, LLC failed to fund the Note payable obligation in respect of an asset purchase agreement for the assets and management agreements related to the operation and management of Perpetual Healthcare Inc., the operator of the Emerald medical marijuana retail dispensary located in Arizona. Nabis AZ was required to make payment to the vendors under such asset purchase agreement of approximately USD $8.1 million, including accrued interest.

Nabis AZ has received formal written notice of its default on the Note payable. Following the lapse of a 10 business day cure period ending November 10, 2020, in addition to the acceleration of the approximately USD $8.1 million owing, the terms of the Note payable contemplate that (i) a specified representative of the vendor will be appointed to the board of directors of Perpetual, and (ii) an amended and restated operating agreement in respect of Nabis AZ will become effective, providing certain specified representatives of the vendor with an aggregate 75% membership interest in Nabis AZ with certain limited governance rights, whereby such persons will be entitled to a monthly pro rata preferred distribution in respect of their 75% aggregate membership interest until the Note payable is satisfied. The specified representative of the vendor was appointed to Perpetual's Board of Directors effective November 19, 2020.

The Company's is in the process of securing alternative financing to replace the existing Note payable.

(iii) On November 23, 2020, the Company entered into a support agreement (the "Support Agreement") with certain holders of the Company's outstanding $35 million principal amount 8.0% unsecured convertible debentures. Pursuant to the Support Agreement, the Debentureholders have agreed to support a recapitalization plan for Nabis that will, subject to required approval of Nabis' creditors and the Ontario Superior Court of Justice, result in the recapitalization of the Debentures and all other debts of the Company. The Recapitalization is to be implemented pursuant to a proposal under the Bankruptcy and Insolvency Act of Canada (the "BIA") which was filed with the Official Receiver on November 23, 2020.

The material terms of the Proposal are: (i) the cancellation of all of the common shares, preferred shares, warrants, stock options and any other similar equity-type securities in the capital of the Company ; (ii) all Equity Claims will be irrevocably and finally extinguished upon implementation of the Proposal; (iii) in full and final satisfaction of all Creditor claims, which will be irrevocably and finally extinguished, on the implementation date of the Proposal, Nabis shall issue and pay to each Creditor its pro rata share of: (a) 3,700,000 new common shares in the capital of the Company; and (b) new 5.3% first lien notes in the aggregate amount of $23 million due 2022 on the terms set out in the Proposal; and (iv) certain persons, including the Company and each of its affiliates and the Debentureholders party to the Support Agreement, and each of their respective former and current officers, directors, principals and employees, will receive releases of certain claims pursuant to the BIA.

KSV Restructuring Inc. is the proposal trustee appointed pursuant to the BIA in respect of the Proposal. Under the Support Agreement, the Debentureholders party thereto have agreed, subject to certain conditions precedent and termination rights, to support and vote for the Proposal at the meeting of the Creditors to be held on December 14, 2020. Under the terms of the Support Agreement, Nabis has agreed to certain customary covenants and restrictions with respect to its business and operations until the Proposal has been implemented.

(iv) On November 25, 2020, the Company's wholly owned subsidiary Nabis Holdings Washington, LLC, entered into an Asset Purchase Agreement to sell certain assets for gross proceeds of US$125,000 which will be paid as (i) a US$25K deposit; (ii) US$50K on closing and (iii) US$50K note payable, 10% interest, due 6 months after closing. The closing of the transaction is conditional on the approval of the Washington State Liquor and Cannabis and other customary conditions. The transaction is expected to close around the end of March, 2021.