Consolidated Financial Statements of

NABIS HOLDINGS INC.

Year ended December 31, 2020 and
Fourteen-month period ended December 31, 2019.
(Expressed in Canadian dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Nabis Holdings Inc.

Opinion

We have audited the consolidated financial statements of Nabis Holdings Inc. (the “Company”), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, changes in shareholders’ deficiency and cash flows for the year ended December 31, 2020 and for the fourteen months ended December 31, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the year ended December 31, 2020 and for the fourteen months ended December 31, 2019 in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes these events or conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management’s Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

May 6, 2021

MOORE

An independent firm
associated with Moore
Global Network Limited

NABIS HOLDINGS INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian dollars)

As at	Note	**December 31, 2020**	December 31, 2019
ASSETS			
Current Assets			
Cash		**$1,539,257**	$2,504,258
HST and other receivables	6	**156,305**	593,072
Inventory	7	**657,039**	558,436
Prepaids and deposits		**315,248**	253,397
Assets held for sale	4	**66,777**	-
		2,734,626	3,909,163
Non-Current Assets			
Property and equipment	8	**687,352**	15,241,516
Intangible assets	9	**7,502,443**	8,354,456
Goodwill	10	**9,620,177**	9,620,177
Right-of-use assets	11	**65,233**	380,711
TOTAL ASSETS		**$20,609,831**	$37,506,023
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Trade payables and accrued liabilities	13	**$3,724,208**	$1,650,500
Lease liabilities	12	**66,215**	162,611
Mortgages payable	14	**-**	4,726,451
Note payable	15	**10,673,131**	9,652,994
Convertible debentures	1,16	**29,012,683**	-
		43,476,237	16,192,556
Non-current Liabilities			
Convertible debentures	1,16	**-**	25,823,984
Lease liabilities	12	**-**	218,269
TOTAL LIABILITIES		**43,476,237**	42,234,809
SHAREHOLDERS' DEFICIENCY			
Share capital	18	**12,862,367**	12,662,367
Shares to be issued	18	**-**	3,369,334
Reserves	18	**12,310,294**	12,266,537
Accumulated other comprehensive income (loss)		**(67,393)**	(58,942)
Deficit		**(47,971,674)**	(32,968,082)
TOTAL SHAREHOLDERS' DEFICIENCY		**(22,866,406)**	(4,728,786)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$20,609,831**	37,506,023

Nature of operations and going concern	1
Contingency	25
Subsequent events	1,4,26

These consolidated financial statements were approved for issue on behalf of the Board of Directors on May 6, 2021 by

"Jared Carroll"
Director

"Bruce Langstaff"
Director

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

NABIS HOLDINGS INC.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

Expressed in Canadian dollars, except share data)

	Note		**Year ended December 31, 2020**		Fourteen months ended December 31, 2019
Retail and wholesale revenues	19	**$**	**13,914,844**	$	2,232,396
Cost of goods sold			**8,093,334**		1,411,097
Gross profit			**5,821,510**		821,299
Operating expenses					
Selling, general and administrative	17,20		**10,239,308**		12,765,412
Share-based compensation	17,18		**243,757**		1,843,508
Depreciation and amortization	8,9,10		**1,511,734**		467,594
Total Operating Expenses			**11,994,799**		15,076,514
Loss from operations			**(6,173,289)**		(14,255,215)
Other Items					
Cannova project costs	4		**-**		(6,663,350)
Accretion expense	15, 16		**(4,327,317)**		(2,598,755)
Loss on marketable securities	5		**-**		(167,052)
Foreign exchange loss			**(92,406)**		(222,082)
Interest and other income			**127,205**		166,086
Interest expense	14, 15, 16		**(3,076,143)**		(2,160,709)
Impairment of equipment	8		**-**		(133,333)
Impairment of intangible assets			**-**		(256,237)
Gain from sale of asset	4		**1,201,787**		-
Loss on asset write-off	4		**(5,759,712)**		-
			(11,926,586)		(12,035,432)
Net loss for the period before tax			**(18,099,875)**		(26,290,647)
Tax expense	21		**(273,051)**		-
Net loss for the period after tax			**(18,372,926)**		(26,290,647)
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations			**(8,451)**		(58,942)
Total comprehensive loss		**$**	**(18,381,377)**	$	(26,349,589)
Basic and diluted loss per share		**$**	**(0.15)**	$	(0.24)
Weighted average number of common shares outstanding, basic and diluted			**119,692,280**		109,729,634

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

NABIS HOLDINGS INC.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' DEFICIENCY

For the Year ended December 31, 2020 and Fourteen Months ended December 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)**
Adjustment for the Cannova transaction	-	-	**(3,369,334)**	-	-	**3,369,334**	-
Stock-based compensation	**5,600,000**	**200,000**	-	**43,757**	-	-	**243,757**
Unrealized gain/loss on translation of foreign operations	-	-	-	-	**(8,451)**	-	**(8,451)**
Share adjustment	**24**	-	-	-	-	-	-
Net loss and comprehensive loss	-	-	-	-	-	**(18,372,926)**	**(18,372,926)**
Balance as December 31, 2020	**121,729,441**	**$12,862,367**	-	**$12,310,294**	**($67,393)**	**($47,971,674)**	**($22,866,406)**

	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	-	-	-	7,484,077	-	-	7,484,077
Shares issued for the Cannova transaction	13,299,999	1,950,666	3,369,334	-	-	-	5,320,000
Private placement	61,933,335	5,290,000	(687,500)	-	-	-	4,602,500
Finders' fee shares	2,726,000	283,900	-	-	-	-	283,900
Share issuance costs	-	(939,664)	-	-	-	-	(939,664)
Brokers' warrants – private placement	-	-	-	638,111	-	-	638,111
Brokers' warrants – convertible debentures	-	-	-	937,547	-	-	937,547
Exercise of warrants	846,220	487,245	-	(267,313)	-	-	219,932
Exercise of finders' fee warrants	1,250,000	220,510	-	(158,010)	-	-	62,500
Stock-based compensation	6,225,000	450,212	-	1,393,296	-	-	1,843,508
Options exercised, expired, cancelled or forfeited	550,000	170,500	-	(88,109)	-	-	82,391
Shares issued for services	300,000	25,500	-	-	-	-	25,500
Shares issued in settlement of accounts payable	1,399,998	210,000	-	-	-	-	210,000
Unrealized gain/loss on translation of foreign operations	-	-	-	-	(58,942)	-	(58,942)
Net loss	-	-	-	-	-	(26,290,647)	(26,290,647)
Balance as December 31, 2019	116,129,417	$12,662,367	$3,369,334	$12,266,537	($58,942)	($32,968,082)	($4,728,786)

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

NABIS HOLDINGS INC.

CONSOLIDATED STATEMENTS OF CASHFLOWS

(Expressed in Canadian dollars)

	Year ended December 31, 2020	Fourteen-month period ended December 31, 2019
Operating Activities		
Net loss for the period	**($18,372,926)**	($26,290,647)
Adjustment for non-cash items		
Cannova project costs	**-**	6,663,350
Accretion expense	**4,327,317**	2,598,755
Depreciation and amortization	**1,511,734**	467,594
Bad debt	**-**	4,395
Change in fair value of marketable securities	**-**	167,052
Interest expense	**3,076,143**	-
Stock-based compensation	**243,757**	1,843,508
Unrealized foreign exchange gain	**(1,164,186)**	(325,440)
Shares issued for service	-	25,500
Impairment of equipment	-	133,333
Impairment of intangible assets	**-**	256,237
Lease accounting	**(183,717)**	-
Loss on disposal of property	**5,759,712**	-
Gain on sale of property and equipment	**(1,201,787)**	-
Changes in non-cash working capital items:		-
HST and other receivables	**436,767**	(369,924)
Inventory	**(98,603)**	384,359
Prepaids and deposits	**(61,851)**	(214,252)
Trade payables and accrued liabilities	**2,073,708**	422,228
	(3,653,932)	(14,233,952)
Interest paid	**(1,137,576)**	-
Net cash flow used in operating activities	**(4,791,508)**	(14,233,952)
Investing Activities		
Proceeds from sale of property and equipment	**5,841,974**	-
Acquisition of property and equipment, net	**(1,734,479)**	(10,574,321)
Acquisition of intangible assets	-	(260,823)
Acquisition of Perpetual	-	(8,919,094)
Cash acquired from Perpetual	-	247,204
Investment in Cannova	-	(1,343,350)
Net cash flow used investing activities	**4,107,495**	(20,850,384)
Financing Activities		
Issuance of shares for cash, net	**-**	4,584,847
Exercise of warrants	**-**	282,433
Exercise of options	**-**	88,000
Issuance of debentures, net	**-**	31,996,970
Mortgage advances	**2,121,030**	-
Mortgage repayments	**(2,453,801)**	(38,238)
Payment of lease liability	**(130,948)**	(22,776)
Net cash flow provided by financing activities	**(463,719)**	36,891,236
Foreign exchange effect on cash	**182,731**	(8,478)
Change in cash	**(965,001)**	1,798,422
Cash, beginning	**2,504,258**	705,836
Cash, ending	**$1,539,257**	2,504,258

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

1. Nature of Operations and Going Concern

Nabis Holdings Inc. (the "Company") was incorporated under the Canada Business Corporations 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 cannabis related assets 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.

In November 2020, the Company entered into a Support Agreement (the "Support Agreement") with certain holders of the Company's 8% convertible unsecured subordinated debentures (the "Debentureholders"). Under the Support Agreement, the Company agreed to make a Proposal to Creditors (the "Proposal") under the *Bankruptcy and Insolvency Act*. This Proposal was made by the Company on November 23, 2020.

The Proposal contemplated (i) the cancellation of all existing equity claims on the capital of the Company, including common shares, common share purchase warrants, stock options, restricted share units, and any other similar equity-like securities of the company; (ii) in full and final satisfaction of all unsecured creditor claims, the Company would issue and pay to each creditor its pro rata share of: a) 3,700,000 new common shares of the Company and b) $23,000,000 in new 5.3% notes due 2022 on the terms set out in the Proposal.

The Proposal was unanimously approved at a meeting of creditors held on December 14, 2020, was approved by the Ontario Superior Court of Justice on December 21, 2020 and was implemented subsequent to year end on January 26, 2021.

The Company has incurred losses and has had negative cash flows from operations from inception that have primarily been funded through financing activities. As at December 31, 2020, the Company had a working capital deficiency of $40,741,611 and an accumulated deficit of $47,971,674.

The note payable outstanding at December 31, 2020 in the amount of $10,673,131 was due October 24, 2020 and was in default at year end and the Company had missed the last two interest payments totaling $1,400,000 on the Convertible debentures outstanding. 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, or the sale of assets.

These consolidated 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.

1. Nature of Operations and Going Concern (continued)

The 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 are highly uncertain and as such, the Company cannot determine the corresponding financial impacts at this time.

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, the comparative period represents the fourteen-month period from October 1, 2018 to December 31, 2019.

(b) Statement of compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Issues Committee ("IFRIC") applicable to the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(c) Basis of measurement

These 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. The financial statements are presented in Canadian dollars unless otherwise noted.

(Expressed in Canadian dollars)

2. Basis of Preparation (continued)

(d) Basis of consolidation

These consolidated 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 financial statements:

Subsidiary	Control	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 28^{th} 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.

2. Basis of Preparation (continued)

(e) Functional and presentation currency

These consolidated 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 of Perpetual Healthcare, Inc is the US dollar.

(f) Significant estimates and assumptions

The preparation of consolidated 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 consolidated financial statements and the reported amount of revenue and expenses during the year. 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 consolidated 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 consolidated 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 and the determination of the functional currency.

3. Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. At December 31, 2020 and December 31, 2019, the Company did not hold any cash equivalents.

Property and Equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

3. Significant Accounting Policies (continued)

Property and Equipment (continued)

Amortization is recorded as a straight-line over the estimated useful lives. The significant classes of property and equipment and their useful lives are as follows:

Building and improvements	25 years
Furniture, machinery and equipment	1 - 3 years
Leasehold improvement	Lease term
Right-of-use assets	Lease term

Impairment of Non-financial Assets
The Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit ("CGU") exceeds its recoverable amount. Impairment losses are recognized to profit or loss. The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use.

Intangible Assets
An intangible asset is an identifiable asset without physical substance. An asset is identifiable if it is separable, or arises from contractual or legal rights, regardless of whether those rights are transferrable or separable from the Company or from other rights and obligations. Intangible assets include cannabis license and brands.

Finite-lived intangible assets acquired externally or internally generated and available for use are measured at cost less accumulated amortization and impairment losses. The amortization is recognized straight-line over their estimated useful lives from the date they are available for use. The cost of a group of intangible assets acquired externally is allocated to the individual intangible assets based on their relative fair values. The cost of intangible assets acquired externally comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

The amortization periods of the Company's intangible assets are as follows:

Type	Amortization period
Brands	10 years
License	10 years

Goodwill
Goodwill represents the excess of the price paid for the acquisition of an entity over the fair value of the net identifiable tangible and intangible assets and liabilities acquired. Goodwill is allocated to the CGU or CGUs to which it relates.

Goodwill is measured at historical cost and is evaluated for impairment annually in the fourth quarter or more often if events or circumstances indicate there may be an impairment. Impairment is determined for goodwill by assessing if the carrying value of a CGU, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell and the value in use.

3. Significant Accounting Policies (continued)

Goodwill (continued)

Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU. Any goodwill impairment is recorded in income in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed.

Foreign Currency Translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Foreign exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the costs of assets when they are regarded as an adjustment to interest costs on those currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- Exchange differences on monetary items receivable from or payable to a foreign operation which settlement is neither planned nor likely to occur, which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

Inventory

Inventory consists primarily of finished goods. Inventory is valued at the lower of cost and net realizable value with cost based upon the weighted average method of inventory costing. The realizable value of finished goods is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. If the Company determines that the estimated net realizable value of its inventory is less than the carrying value of such inventory, it records a charge to cost of sales.

Convertible Debentures

The components of the compound financial instrument (convertible debenture) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument. The conversion option that will be settled by the exchange of a fixed amount in cash for a fixed number of equity instruments of the Company is classified as an equity instrument. At the issue date, the liability component is recognized at fair value, which is estimated using the effective interest rate on the market for similar nonconvertible instruments. Subsequently, the liability component is measured at amortized cost using the effective interest rate until it is extinguished on conversion or maturity.

The value of the conversion option classified as equity is determined at the issue date, by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This amount is recognized in equity, net of tax effects, and is not revised subsequently. When the conversion option is exercised, the equity component of the convertible debentures will be transferred to share capital. No profit or gain is recognized to the conversion or expiration of the conversion option.

3. Significant Accounting Policies (continued)

Convertible Debentures (continued)

Transaction costs related to the issuance of the convertible debentures are allocated to the liability and equity components in proportion to the initial carrying amounts. Transaction costs related to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying value of the liability component and amortized over the estimated useful life of the debentures using the effective interest rate method.

Revenue Recognition

Revenue is recognized in accordance with the five steps in IFRS 15 Revenue from Contracts with Customers.

1. Identify the contract with customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price, which is the total consideration provided by the customer;
4. Allocate the transaction price among the performance obligations in the contract based on their relative fair value; and
5. Recognize revenue when the revenue criteria are met for each performance obligation.

Retail and wholesale revenue

Retail and wholesale revenue represent the sale of physical cannabis goods to the customer for which revenue is recognized on transfer of control of the product to the customer on shipment to or collection by the customer. Payment for retail and wholesale transactions is due within a specified time period as permitted by the underlying agreement and the Company's credit policy upon the transfer of goods to the customer. The Company generally satisfies its performance obligation and transfers control to the customer upon delivery and acceptance by the customer.

Cost of Sales

Cost of sales includes the expenses incurred to acquire and produce inventory for sale, including product costs, inbound freight and duty costs, as well as provisions related to product shrinkage, excess or obsolete inventory, or lower of cost and net realizable value adjustments as required.

Share-Based Payment

The Company operates a stock option plan. Share-based payments to employees are measured at the fair value on the grant date of stock options and recognized over the vesting period. Share-based payments to non-employees are measured at fair value of goods or services received or otherwise at fair value of the share-based payments are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value is determined using the Black-Scholes Option Pricing Model. The number of stock options expected to vest is reviewed and adjusted at the end of each reporting period.

Restricted Share Units ("RSUs)

The Company has an RSU plan for its Officers, Directors and Employees. The Company determines whether to account for the RSUs as equity-settle or cash-settled based on the terms of the contractual arrangement. The fair value of RSUs is recognized as share-based compensation with a corresponding increase in the Company's reserve if deemed equity-settled or a liability is raised if cash settled at grant date.

3. Significant Accounting Policies (continued)

Restricted Share Units (“RSUs) (continued)

The fair value is estimated using the number of RSUs and the quoted market price of the Company’s common shares at the grant date. It is then expensed over the vesting period with the credit recognized in equity in the Company’s reserve. If cash-settled, the expense and liability are adjusted each reporting period for the changes in the quoted market value of the Company’s common shares.

Warrants

Proceeds from issuances by the Company of units consisting of shares and warrants are allocated based on the residual method. The fair value of the warrants is determined using the Black-Scholes option pricing model. If the proceeds from the offering are less than or equal to the fair market value of warrants issued, a fair value of $nil is assigned to the shares.

Income Taxes

Current Income Tax

Current income tax assets and liabilities for the period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Loss per Share

Basic loss per share is calculated by dividing the net loss available to common shareholders for the period by the weighted-average number of common shares outstanding in the period. The Company uses the treasury stock method to calculate diluted loss per share. Diluted loss per share reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. Diluted amounts are not present when the effect of the computations is anti-dilutive.

(Expressed in Canadian dollars)

3. Significant Accounting Policies (continued)

Provision
A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

4. Acquisitions and Disposals

(a) Acquisition of Assets of PDT Technologies, LLC and Assets Held for Sale

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

As at December 31, 2019, the Company completed an impairment test on the processing license option that resulted in a nominal recoverable amount and accordingly, during the fourteen months ended December 31, 2019, the Company recorded an impairment charge of $256,237 to profit or loss.

In November 2020, the Company entered into an agreement to sell the extraction and production equipment for US$125,000 and terminate the production lease facility. The closing of the agreement, including the termination of the production facility lease is subject to customary closing conditions including the approval from the Washington State Liquor and Cannabis Board. Management expects the transaction will close before the end of June 2021. Accordingly, the carrying value of the assets acquired from PDT in the amount of $66,777 are classified as Assets Held for Sale at December 31, 2020. The carrying value of these assets at December 31, 2019 was $113,914 and is included in Property and Equipment.

Subsequent to December 31, 2020, the Company received a deposit of $29,657 (US$25,000) for the equipment and will receive US$50,000 on closing of the transaction and the balance of US$50,000 is due in a 10%, 6-month note payable which matures six-months after close.

(Expressed in Canadian dollars)

4. Acquisitions and Disposals (continued)

(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 December 31, 2019 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 was not exercised.

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. The Company is in the process of seeking back 13,299,999 common shares issued. The Company does not intend to increase their ownership in Cannova and in light of the Proposal (see note 1), the Company will not be issuing any additional shares to Cannova. Accordingly, the Company has recognized Cannova project costs of $3,369,334 in accumulated deficit at December 31, 2020.

(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**
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**

4. Acquisitions and Disposals (continued)

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

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 $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 Company did not pay the note payable on its October 24, 2020 due date accordingly, the fair value of the note payable as at December 31, 2020 is $10,673,131 assessed using a discount rate of 17.5%. Accretion expense for the promissory note during the year ended December 31, 2020 was $1,138,619 (fourteen-month period ended December 31, 2019 -$350,117).

During the year ended December 31, 2020, Perpetual including Emerald Dispensary and Infusion Edibles contributed revenue of $13,914,844 and net income of $518,002 (date of acquisition to December 31, 2019, revenue and net income of $2,232,396 and $52,793 respectively). 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 and Disposal 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).

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.

On August 31, 2020, the Company defaulted on the mortgage relating to all the Michigan properties, including the property identified above. Under the terms of the agreement, in the event of 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 of disposal of $5,704,743 recognized in the statement of loss for the year ended December 31, 2020.

(e) Acquisition and Disposal 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 14 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.

4. Acquisitions and Disposals (continued)

(e) Acquisition and Disposal of 135 W. Monroe LLC (continued)

On August 31, 2020, the Company defaulted on the mortgage relating to all the Michigan properties, including the property identified above. Under the terms of the agreement, in the event of default, ownership of the properties reverted back to the seller.

(f) Acquisition and Disposal 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 14 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.

On August 31, 2020, the Company defaulted on the mortgage relating to all the Michigan properties, including the property identified above. Under the terms of the agreement, in the event of default, ownership of the properties reverted back to the seller.

(g) Acquisition and Disposal 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 14 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.

On August 31, 2020, the Company defaulted on the mortgage relating to all the Michigan properties, including the property identified above. Under the terms of the agreement, in the event of default, ownership of the properties reverted back to the seller.

4. Acquisitions and Disposals (continued)

(h) Acquisition and Disposal 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 14 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.

On August 31, 2020, the Company defaulted on the mortgage relating to all the Michigan properties, including the property identified above. Under the terms of the agreement, in the event of default, ownership of the properties reverted back to the seller.

(i) Acquisition and Disposal 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 14 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.

On August 31, 2020, the Company defaulted on the mortgage relating to all the Michigan properties, including the property identified above. Under the terms of the agreement, in the event of default, ownership of the properties reverted back to the seller.

(j) Acquisition and Disposal 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 14 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.

(Expressed in Canadian dollars)

4. Acquisitions and Disposals (continued)

(j) Acquisition and Disposal of 1639 S. Huron, LLC (continued)

On August 31, 2020, the Company defaulted on the mortgage relating to all the Michigan properties, including the property identified above. Under the terms of the agreement, in the event of default, ownership of the properties reverted back to the seller.

(k) Acquisition and Disposal 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.

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 $5,841,974 (US$4,500,000). After the discharge of the first mortgage and payment of other associated costs, the Company received net cash proceeds of $3,575,751 (US$2,642,050). The Camp Verde facility had a net book value of $4,906,744 and the Company recorded a net gain on disposal of $1,201,787.

5. Marketable Securities

	December 31, 2020 **$**	December 31, 2019 $
Common Shares		
Fair value, beginning	**-**	125
Dispositions	**-**	-
Change in fair value	**-**	(125)
Fair value, end	**-**	-

	December 31, 2020 **$**	December 31, 2019 $
Warrants		
Fair value, beginning	**-**	166,927
Dispositions	**-**	-
Expiry of warrants	**-**	(166,927)
Fair value, end	**-**	-
Total	**-**	-

6. HST and Other Receivables

	December 31, 2020	December 31, 2019
HST receivable	**$130,770**	$547,849
Trade and other receivables	**25,535**	45,223
	$156,305	$593,072

(Expressed in Canadian dollars)

7. Inventory

	December 31, 2020	December 31, 2019
Finished goods	**$657,039**	$558,436

During the year ended December 31, 2020 inventory expensed to cost of goods sold was $8,093,334. (2019 - $ 1,411,097)

8. 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	1,734,480
Impairment		(64,800)		(20,175)	(84,975)
Disposals (i) (ii)	(8,600,803)	(6,668,362)	(346,227)	(254,534)	(15,869,926)
Balance, December 31, 2020	$ -	$ -	$ 1,194,344	$ 14,382	$ 1,208,726
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
Impairment	-	(21,600)	-	(8,406)	(30,006)
Depreciation	-	21,600	333,904	8,245	363,749
Balance, December 31, 2020	$ -	$ -	$ 519,816	$ 1,558	$ 521,374
Net book value:					
Balance, December 31, 2020	**$ -**	**$ -**	**$ 674,528**	**$ 12,824**	**$ 687,352**
Balance, December 31, 2019	$ 8,402,764	$ 5,564,536	$ 1,252,707	$ 21,509	$15,241,516

(Expressed in Canadian dollars)

8. Property and Equipment (continued)

(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 $5,841,974 (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 $1,201,787.

(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 twelve-month period ended December 31, 2020.

9. Intangible Assets

	Assets Acquired from PDT	Assets Acquired from Perpetual	Impairment	Total
Cost				
Balance, October 31, 2018	$ -	$ -	$ -	$ -
Processing license option	260,823	-	(260,823)	-
License	-	7,976,400	-	7,976,400
Brands	-	543,725	-	543,725
Balance, December 31, 2019	260,823	8,520,125	(260,823)	8,520,125
Balance, December 31, 2020	$ -	$ 8,520,125	$ -	$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	-	852,013	-	852,013
Balance, December 31, 2020	$ 4,586	$ 1,017,682	$ (4,586)	$1,017,682
Net book value:				
December 31, 2020	**$ -**	**$7,502,443**	**$ -**	**$7,502,443**
December 31, 2019	$ 256,237	$8,354,456	$ (256,237)	$8,354,456

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 December 31, 2020.

(Expressed in Canadian dollars)

10. 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 at December 31, 2020 (note 26).

11. Right-Of-Use Assets

During the year ended December 31, 2019, the Company entered into various leases for the use of office space and a production facility.

In connection with the Company's proposal, the office premises lease was terminated on December 31, 2020 with an effective date of January 10, 2021. Accordingly, the right-of-use asset and lease liability relating to the office premise lease has been adjusted.

In light of the agreement to sell the assets acquired from PDT and terminate the Washington production facility lease, the Company has adjusted the expected right-of-use asset and corresponding liability.

Cost	Total
Balance, January 1, 2019, on adoption of IFRS 16	-
Addition	$420,809
Balance, December 31, 2019	420,809
Lease terminations	(167,620)
Balance, December 31, 2020	$253,189
Accumulated depreciation	
Balance, December 31, 2019	($40,098)
Depreciation	(147,858)
Balance, December 31, 2020	($187,965)
Net book value:	
December 31, 2019	$380,711
December 31, 2020	**$65,233**

12. Lease Liability

	Total
Balance, January 1, 2019, on adoption of IFRS 16	-
Additions	$403,656
Interest expense	16,481
Lease payments	(39,257)
Balance, December 31, 2019	380,880
Interest expense	35,368
Lease payments	(166,316)
Adjustment due to lease terminations	(183,717)
Balance, December 31, 2020	**$66,215**

(Expressed in Canadian dollars)

12. Lease Liability (continued)

	December 31, 2020	December 31, 2019
Lease liability, current	**$66,215**	$162,611
Lease liability, non-current	**-**	218,269
	$66,215	$380,880

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

	Total
Less than 1 year	$69,071
1-5 years	-
Total lease payments	69,071
Amount representing implicit interests	(2,856)
Lease obligations	$66,215

13. Trade Payables and Accrued Liabilities

	December 31, 2020	December 31, 2019
Trade payables	**$2,785,310**	$1,248,803
Accrued liabilities	**938,898**	401,697
	$3,724,208	$1,650,500

14. 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	$4,726,451
Borrowing for Camp Verde property	2,121,030
Repayments of Michigan mortgages	(288,361)
Default of Michigan mortgages (i)	(4,777,846)
Repayment of Camp Verde mortgage	(2,219,576)
Foreign exchange impact	438,302
Balance, December 31, 2020	**$ -**

(i) 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.

15. 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.

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. The note payable was in default as at December 31, 2020.

At December 31, 2020, the fair value of the note payable is $10,673,131. Accretion expense for the note payable during the year ended December 31, 2020 was $1,138,619 (December 31, 2019 – $350,117).

Subsequent to December 31, 2020, the Company secured alternative financing to fully discharge the note payable obligation (note 26).

16. 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.

(Expressed in Canadian dollars)

16. Convertible Debentures (continued)

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:

	December 31, 2020	December 31, 2019
Balance, beginning	**$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	**3,188,698**	2,248,638
Interest expense	**2,517,182**	2,144,228
Interest paid	**(701,759)**	(2,144,228)
Interest accrued to November 23, 2020	**(1,815,422)**	-
Balance, December 31, 2020	**$29,012,683**	$25,823,984

The Company was unable to pay the quarterly interest payments on the unsecured convertible debentures due June 30, 2020 and September 30, 2020 totaling $1,403,520 as well as the accrued interest from October 1 to November 23, 2020, the date of the Company's bankruptcy filing. Given the January 26, 2021 effective date of the Company's Proposal (see note 1), the convertible debentures are classified as current liabilities at December 31, 2020. Total interest accrued of $1,815,422 is included in accounts payable and accrued liabilities at December 31, 2020 and was subsequently paid in connection with the Company's Proposal which became effective January 26, 2021 (note 26).

17. 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 are as follows:

	December 31, 2020	December 31, 2019
Management and consulting fees	**$152,536**	$423,429
Salaries and wages	**978,521**	570,572
Share-based compensation	**227,743**	886,931
	$1,358,800	$1,880,932

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

18. Share Capital

(a) Authorized Share Capital

At December 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 year ended December 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, 300,000 RSU's were forfeited during the year and the balance of 200,000 RSU's were cancelled in light of the Company's November 23, 2020 bankruptcy filing that received Ontario Court Approval on December 21, 2020.

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 year ended December 31, 2020, the Company recognized $200,000 as share-based compensation related to RSUs (fourteen-month period ended December 31, 2019 - $450,212).

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.

18. Share Capital (continued)

(b) Common shares issued and outstanding during the period (continued)

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)

18. Share Capital (continued)

(b) Common shares issued and outstanding during the period (continued)

During the fourteen months ended December 31, 2019, the Company recognized a total of $450,212 as share-based compensation related to RSUs.

(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[ii]	(4,310,000)	(487,036)	0.15
Stock based compensation expense	-	43,757	-
Balance at December 31, 2020	**4,315,000**	**$992,809**	**$0.25**

[i] During the year ended December 31, 2020 the Company issued 265,000 stock options with a fair value of $12,445 [fourteen-month period ended December 31, 2019 – 8,960,000 stock options with a fair value of $1,483,556].

[ii] During the year ended December 31, 2020, 4,310,000 stock options were forfeited of which 3,000,000 were fully vested and had a fair value of $487,036 which has been reclassified within Reserves.

The Company recorded stock-based compensation for the options granted during the year ended December 31, 2020 and the fourteen-month period ending December 31, 2019 using the Black-Sholes option pricing model with the following assumptions:

	December 31, 2020	December 31, 2019
Risk-free interest rate	**0.66% - 1.66%**	1.42% - 2.36%
Dividend yield	**0.00%**	0.00%
Expected volatility	**139.23 – 142.57**	70.9-164.0
Expected life	**5 years**	3-5 years

(Expressed in Canadian dollars)

18. Share Capital (continued)

(c) Stock Options (continued)

The weighted average life remaining of the options at December 31, 2020 is 3.0 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	1,750,000	1,750,000	0.16	2.9
November 13, 2023	250,000	250,000	0.38	2.9
December 3, 2023	550,000	550,000	0.47	2.9
January 10, 2024	250,000	250,000	0.42	3.0
January 23, 2024	250,000	250,000	0.68	3.1
May 7, 2024	75,000	75,000	0.65	3.9
August 19, 2024	50,000	50,000	0.20	3.6
October 1, 2024	1,000,000	200,000	0.10	3.8
November 13, 2024	75,000	-	0.10	3.9
January 24, 2024	65,000	21,670	0.10	4.1
	4,315,000	**3,396,670**	**$0.23**	**3.0**

In light of the Company's Proposal which was effective January 26, 2021, all options outstanding at December 31, 2020 were cancelled on January 26, 2021. See Subsequent Event note 26.

(d) Warrants

	Number of Warrants	Weighted Average Exercise Price ($)
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 December 31, 2019	**41,622,882**	**$1.07**
Expired unexercised	**(784,780)**	**0.15**
Balance at December 31, 2020	**40,838,102**	**$1.09**

The expiry of warrants is as follows:

Grant Date	Expiry Date	Number of warrants issued	Weighted Average Exercise Price ($)
March 26, 2019	March 26, 2021	1,855,334	0.90
March 26, 2019	March 26, 2022	38,982,768	1.10
		40,838,102	**$1.09**

The weighted average life remaining of the warrants at December 31, 2020 is 1.20 years. In light of the Company's Proposal which was effective January 26, 2021, all warrants outstanding at December 31, 2020 were cancelled on January 26, 2021. See Subsequent Event note 26.

(Expressed in Canadian dollars)

19. Retail and Wholesale Revenue

		Twelve months ended December 31, 2020		Fourteen months ended December 31, 2019
Retail revenue	$	13,914,844	$	1,919,292
Wholesale revenue		-		313,104
	$	13,914,844	$	2,232,396

20. Selling, General and Administrative Expenses

		Twelve months ended December 31, 2020		Fourteen months ended December 31, 2019
Salaries and benefits (note 16)	$	3,909,219	$	1,473,063
Consulting and management fees (note 16)		809,790		1,785,717
Sales and marketing		276,792		2,628,133
Rent and occupancy		920,501		137,147
Travel		43,567		375,964
Insurance		123,485		273,807
Professional fees		3,243,262		3,206,475
Office and general		721,194		457,954
Business development, investor relations and filing fees		117,129		2,409,980
Banking and merchant fees		74,369		17,172
	$	10,239,308	$	12,765,412

21. Income Taxes

The reconciliation of the income tax provision at the statutory tax rate to the reported income tax provision is as follows:

		December 31, 2020		December 31, 2019
Net loss for the period before tax	$	(18,372,926)	$	(26,290,647)
Statutory tax rate		27%		27%
Expected income tax recovery		(4,961,000)		(7,098,000)
Non-deductible expenses and non-taxable income		2,380,051		2,302,000
Increase in unrecognized tax assets		2,854,000		4,796,000
Income tax expense	$	273,051	$	-

(Expressed in Canadian dollars)

21. Income Taxes (continued)

The Company has the following deferred tax assets and liabilities:

		December 31, 2020		December 31, 2019
Deferred tax assets				
Share issuance costs	$	778,000	$	714,000
Allowable capital costs		103,000		103,000
Property and equipment		296,000		166,000
Non-capital losses		7,191,000		4,531,000
		8,368,000		5,514,000
Deferred tax liabilities				
Marketable securities		-		-
Net deferred tax assets		8,368,000		5,514,000
Unrecognized deferred tax assets		(8,368,000)		(5,514,000)
	$	-	$	-

As at December 31, 2020, the Company has approximately $22,425,000 (December 31, 2019 - $16,190,000) of non-capital losses in Canada and non-capital losses of approximately $1,099,000 (December 31, 2019 - $570,000) in US which can be carried forward to offset future taxable income.

22. Supplemental Disclosure with respect to Cashflows

Significant non-cash transactions for the year ended December 31, 2020 consisted of:

- Loss on disposal of the Michigan assets in the amount of $5,704,743 resulting from the default of mortgages with a fair value of $4,777,846

Significant non-cash transactions for the fourteen months ended December 31, 2019 consisted of:

- Investment in Cannova with the Company’s common shares valued at $1,950,667;
- Investment in Cannova with the obligation to issue the Company’s common shares valued at $3,369,333;
- Acquisition of assets through mortgages payable of $4,871,106;
- Brokers’ warrants with a fair value of $937,547 for the issuance of convertible debentures;
- Brokers’ warrants with a fair value of $638,111 for the issuance of private placements; and
- Conversion option of the convertible debentures with fair value of $7,484,077.

(Expressed in Canadian dollars)

23. 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. See note 26 for subsequent financing.

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

	Within 1 year	1 to 2 years	2 – 5 years	Total
Trade payables and accrued liabilities	$ 3,724,208	$ -	$ -	$ 3,724,208
Note payable	10,673,131	-	-	10,673,131
Convertible debentures	29,012,683	-	-	29,012,683
Lease liabilities	66,215	-	-	66,215
Balance, December 31, 2020	**$ 43,476,237**	**$ -**	**$ -**	**$ 43,476,237**

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 (note 26).

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.

23. Financial Risk Management and Capital Management (continued)

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 December 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.

The carrying value of the Company's convertible debentures approximates fair value as the liability component was discounted using an estimated market rate (note 26).

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

(Expressed in Canadian dollars)

24. Segmented Information

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

Revenue:

		Twelve months ended December 31, 2020		Fourteen months ended December 31, 2019
United States	$	13,914,844	$	2,232,396
Canada		-		-
	$	13,914,844	$	2,232,396

Non-current assets:

		Twelve months ended December 31, 2020		Fourteen months ended December 31, 2019
United States	$	17,356,616	$	33,410,554
Canada		741,178		186,306
	$	18,094,794	$	33,596,860

25. Contingency

In November 2019, litigation was commenced against the Company pertaining to certain consulting service arrangements for consideration of up to USD $616,000. In connection with the Company's Proposal, this contingency was settled effective January 26, 2021 for consideration in the form of New Senior Unsecured Notes in the amount of $145,245 and the issuance of 23,429 new common shares (note 26).

26. Subsequent Events

(i) In January, 2020, the Company's wholly owned subsidiary, Nabis AZ, LLC obtained a US$9,000,000 1-year loan bearing interest at 12% to fund the previously disclosed PNTM obligation of US$8,000,000. At the time the funds from the loan were received, the lender was at arm's length to the Company, however the lender subsequently become a related party of the Company upon completion of the Company's Proposal under the Bankruptcy and Insolvency Act (Canada) which occurred on January 26, 2021. A copy of the lender's early warning report is available on the Company's profile on SEDAR.

(ii) On January 19, 2021, the Company discharged its US$8,000,000 Note payable obligation plus accrued interest and other related costs to PNTM in respect of an asset purchase agreement for the assets and management agreement relating to the operation and management of Perpetual Healthcare Inc.

26. Subsequent Events (continued)

(iii) In November 2020, the Company entered into a Support Agreement (the "Support Agreement") with certain holders of the Company's 8% convertible unsecured subordinated debentures (the "Debentureholders"). Under the Support Agreement, the Company agreed to make a Proposal to Creditors (the "Proposal") under the *Bankruptcy and Insolvency Act*. This Proposal was made by the Company on November 23, 2020.

The Proposal contemplated (i) the cancellation of all existing equity claims on the capital of the Company, including common shares, common share purchase warrants, stock options, restricted share units, and any other similar equity-like securities of the company; (ii) in full and final satisfaction of all unsecured creditor claims, the Company would issue and pay to each creditor its pro rata share of: a) 3,700,000 new common shares of the Company and b) $23,000,000 in new 5.3% notes due 2022 on the terms set out in the Proposal. The Proposal was unanimously approved at a meeting of creditors held on December 14, 2020, was approved by the Ontario Superior Court of Justice on December 21, 2020 and was implemented subsequent to year end on January 26, 2021. Upon implementation of the proposal, all of the Company's previously issued common shares, stock options, debentures and warrants were deemed null and void.

(iv) On February 26, 2021, the Company announced that its Arizona subsidiary, Nabis AZ, LLC ("AZ Sub") entered into an agreement (the "Agreement") with Verano Arizona LLC ("Verano Arizona"), a subsidiary of Verano Holdings Corp. ("Verano"), whereby AZ Sub transferred the management and governance of Perpetual Healthcare Inc. ("PHI"), which operates the Emerald Dispensary in Phoenix, Arizona to Verano Arizona.

Under the terms of the agreement, AZ Sub assigned the Management Rights associated with PHI to Verano Arizona, and Nabis' appointed director of PHI appointed certain Verano representatives as directors of PHI and subsequently resigned. The substantive effect of these transactions was equivalent to the sale of all of Nabis' right, title, and interest in the Emerald Dispensary to Verano Arizona. In consideration of the foregoing, AZ Sub will receive US$11.25 million in cash, US$11.25 million in Class A Subordinate Voting Shares (the "Shares") of Verano (priced at the ten- day volume-weighted average price of the Shares), and a promissory note of US$6.125 million due 60 days after closing.

Closing of the Agreement occurred on March 10, 2021.