Condensed Consolidated Interim Financial Statements of

NABIS HOLDINGS INC.

For the three months ended March 31, 2021
(Unaudited, in Canadian dollars)

Prepared by Management – See Notice to Reader

NOTICE TO READER

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 condensed consolidated 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 auditors have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of these condensed consolidated interim financial statements. Readers are cautioned that these statements may not be appropriate for their intended purposes.

May 31, 2021

NABIS HOLDINGS INC.

CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited, in Canadian dollars)

As at	Note	**March 31, 2021**	December 31, 2020
ASSETS			
Current Assets			
Cash		**$ 3,103,473**	$1,539,257
Marketable securities	5	**14,172,410**	-
Receivable from disposal of Perpetual Healthcare Inc.	5	**7,702,188**	-
HST and other receivables	6	**3,819**	156,305
Inventory	5	**-**	657,039
Prepaids and deposits		**43,040**	315,248
Assets held for sale	5	**66,777**	66,777
		25,091,707	2,734,626
Non-Current Assets			
Property and equipment	8	**424,025**	687,352
Intangible assets	9	**-**	7,502,443
Goodwill	10	**-**	9,620,177
Right-of-use assets		**5,878**	65,233
TOTAL ASSETS		**$25,521,610**	$20,609,831
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Trade payables and accrued liabilities	11	**$1,304,659**	$3,724,208
Lease liabilities		**5,266**	66,215
Note payable	12	**-**	10,673,131
Convertible debentures	1,13	**-**	29,012,683
		1,309,925	43,476,237
Non-current Liabilities			
Senior unsecured notes	1,14	**18,574,321**	-
TOTAL LIABILITIES		**19,884,246**	43,476,237
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	16	**1,825,532**	12,862,367
Reserves	16	**-**	12,310,294
Accumulated other comprehensive income (loss)		**922,082**	(67,393)
Equity (deficit)		**2,889,750**	(47,971,674)
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)		**5,637,364**	(22,866,406)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$25,521,610**	$20,609,831

Nature of operations and going concern	1
Contingency	21
Subsequent events	1, 5, 22

These condensed consolidated interim financial statements were approved for issue on behalf of the Board of Directors on May 31, 2021, by

"Jared Carroll"
Director

"Bruce Langstaff"
Director

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

NABIS HOLDINGS INC.

CONSOLIDATED INTERIM STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

(Unaudited, in Canadian dollars, except share data)

	Note		**Three months ended March 31, 2021**		Three months ended March 31, 2020
Retail and wholesale revenues	17	**$**	**-**	$	-
Cost of goods sold			**-**		-
Gross profit			**-**		-
Operating expenses					
Selling, general and administrative	18		**825,935**		1,007,370
Share-based compensation			**-**		147,126
Depreciation and amortization	8,9,10		**272,325**		390,380
Total Operating Expenses			**1,098,260**		1,544,876
Loss from operations			**(1,098,260)**		(1,544,876)
Other Items					
Accretion expense	14		**(644,509)**		(1,088,141)
Gain on convertible debt extinguishment, net	1,13		**10,834,332**		-
Foreign exchange loss			**(9,150)**		(340,200)
Interest and other income			**9**		570
Interest expense	12,13,14		**(1,614,519)**		(885,754)
Gain from disposal of Perpetual Healthcare Inc.	5		**17,678,054**		-
Net income (loss) from continuing operations			**25,145,957**		(3,858,401)
Net income (loss) from discontinued operations			**542,806**		169,133
Net income (loss) for the period			**25,688,763**		(3,689,268)
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations			**989,475**		(1,265,505)
Total comprehensive income (loss)		**$**	**26,678,238**	$	(4,954,773)
Basic and diluted income (loss) per share from continuing operations		**$**	**0.76**	$	(0.03)
Basic and diluted income (loss per share from discontinued operations		**$**	**0.00**	$	-
Weighted average number of common shares outstanding, basic and diluted			**33,813,734**		118,085,479

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

NABIS HOLDINGS INC.

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' DEFICIENCY

For the three months ended March 31, 2021 and 2020

(Unaudited, in Canadian dollars)

	Number of Shares	**Share Capital**	**Shares to be issued**	**Reserves**	**AOCI**	**Deficit**	**Total**
Balance at December 31, 2020	**121,729,441**	**$12,862,367**	**-**	**$12,310,294**	**($67,393)**	**($47,971,674)**	**($22,866,406)**
Predecessor share cancellation	**(121,729,441)**	**(12,862,367)**	**-**	**(12,310,294)**	**-**	**25,172,661**	**-**
Successor share issuance	**3,700,000**	**1,825,532**	**-**	**-**	**-**	**-**	**1,825,532**
Unrealized gain/loss on translation of foreign operations	**-**	**-**	**-**	**-**	**989,475**	**-**	**989,475**
Net income and comprehensive income	**-**	**-**	**-**	**-**	**-**	**25,688,763**	**25,688,763**
Balance as March 31, 2021	**3,700,000**	**$1,825,532**	**-**	**-**	**$922,082**	**$2,889,750**	**$5,637,364**

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

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

NABIS HOLDINGS INC.

CONSOLIDATED INTERIM STATEMENTS OF CASHFLOWS

(Unaudited, in Canadian dollars)

	Three months ended March 31, 2021	Three months ended March 31, 2020
Operating Activities		
Net income (loss) for the period	**$25,145,957**	($3,858,401)
Adjustment for non-cash items		
Accretion expense	**644,509**	1,088,141
Depreciation and amortization	**272,325**	390,380
Stock-based compensation	**-**	147,125
Unrealized foreign exchange (gain) or loss	**(11,151)**	5,075
Lease accounting	**-**	-
Gain on disposal of Perpetual Healthcare Inc.	**(17,678,054)**	-
Gain on convertible debt extinguishment, net	**(10,834,332)**	-
Change in fair value of marketable securities	**(14,172,410)**	-
Changes in non-cash working capital items:		
HST and other receivables	**152,486**	74,381
Receivable from disposal of Perpetual Healthcare Inc.	**(7,702,188)**	-
Inventory	**-**	-
Prepaids and deposits	**69,487**	(31,623)
Trade payables and accrued liabilities	**(604,126)**	(581)
	(24,717,497)	(2,185,503)
Interest paid	**(1,614,519)**	-
Net cash flow used in continuing operations	**(26,332,016)**	(2,185,503)
Net cash flow provided by (used in) discontinued operations	**1,341,617**	(491,866)
Net cash flow used for the period	**(24,990,399)**	(2,677,369)
Investing Activities		
Proceeds from disposal of Perpetual Healthcare Inc.	**36,585,921**	-
Acquisition of property and equipment, net	**-**	(775,534)
Net cash flow used investing activities	**36,585,921**	(775,534)
Financing Activities		
Loan advances	**11,497,500**	2,121,030
Loan repayments	**(21,593,300)**	(212,805)
Net cash flow provided by financing activities	**(10,095,800)**	1,908,225
Foreign exchange effect on cash	**64,494**	124,296
Change in cash	**1,564,216**	(1,420,382)
Cash, beginning	**1,539,257**	2,504,258
Cash, ending	**$3,103,473**	$1,083,876

The accompanying notes are an integral part of these condensed consolidated interim 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 previously issued 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 senior unsecured 5.3% notes due 2023 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 on January 26, 2021.

On January 26, 2021, share capital and reserve balances of $12,862,367 and $12,310,294 representing the fair value of the common shares and warrants, stock options and conversion feature of the cancelled convertible debt were reclassified to deficit. The Company recognized a net gain of $10,834,332 on the extinguishment of the convertible debentures that had a carrying value of $29,012,683 prior to Proposal implementation.

Prior to the implementation of the Proposal, 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 March 31, 2021, the Company has working capital of $21,966,359 due to the disposal of Perpetual Healthcare Inc. and an accumulated equity of $1,074,327 due to the impact of the Proposal.

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 remaining assets.

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

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) Statement of compliance

These condensed consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") in particular IAS 34, Interim Reporting, and interpretations of the IFRS Interpretations Committee ("IFRIC") in effect for the three months ended March 31, 2021 and 2020. These policies have been consistently applied to all periods presented, unless otherwise stated. These financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2020.

(b) 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. The condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise noted.

(c) 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. Control of Perpetual Healthcare ceased on March 10, 2021, the effective date of the disposal (note 5).

The following subsidiaries have been consolidated for all dates presented within these condensed consolidated interim 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. (January 1 to March 10, 2021)	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.

Subsequent to March 31, 2021, the Company is in the process of winding down all inactive subsidiaries.

(d) 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 of Perpetual Healthcare, Inc is the US dollar.

(e) 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 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.

(f) 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 and the determination of the functional currency.

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, 2020.

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, 2020. 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 year ended December 31, 2020

4. Future changes in accounting policies

The following new amendment to standards and interpretations under IFRS, are not yet effective for the three months ended March 31, 2021, and have not been applied in preparing these consolidated statements:

IAS 1 – Presentation of Financial Statements

On January 23, 2020, the IASB issued an amendment to IAS 1 Presentation of Financial Statements providing a more general approach to the classification of liabilities. The amendment clarifies that the classification of liabilities as current or non-current depends on the rights existing at the end of the reporting period as opposed to the expectations of exercising the right for settlement of the liability. The amendments further clarify that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty. The amendments are effective for annual periods beginning on or after January 1, 2023 and are to be applied retrospectively, with early adoption permitted. The Company will assess the financial impact of the amendments and expects to apply the amendments at the effective date.

5. Acquisitions and Disposals

(a) 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 constituted 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:

(Unaudited, in Canadian dollars)

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 March 31, 2020.

During the three-month period ended March 31, 2021, the Company received a deposit of $29,657 (US$25,000) and subsequent to the end of the period, received $59,363 (US$50,000) on closing of the transaction. The balance of US$50,000 is due in a 10%, 6-month note payable which matures November 26, 2021.

(b) Discontinued Operations: Disposal of Assets of Perpetual Health Care, Inc. including Emerald Dispensary and Infusion Edibles

On February 26, 2021, the Company announced that its Arizona subsidiary, Nabis AZ, LLC ("Nabis AZ") entered into an agreement with Verano Arizona LLC ("Verano Arizona"), a subsidiary of Verano Holdings Corp. ("Verano"), whereby Nabis AZ 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, Nabis AZ assigned the management rights associated with PHI to Verano Arizona, and Nabis' appointed director of PHI appointed certain Verano representatives as directors of PHI immediately prior to resigning from the PHI board of directors. 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.

The transaction closed on March 10, 2021 and Nabis AZ received US$11.25 million in cash and 541,994 Class A subordinate voting shares of Verano as consideration for US$11,250,000, and a promissory note of US$6,125,000 due 60 days after closing, represented as a receivable at March 31, 2021 in the amount of $7,702,188 (US$6,125,000).

Subsequent to the three-month period ended March 31, 2021, the Company received 350,644 Class A subordinate voting shares of Verano as payment for the $7,702,188 amount receivable for the US$6,125,000 promissory note that was due 60 days post-closing from Verano Holdings.

The results of the discontinued operations from January 1, 2021 to the day of disposal on March 10, 2021 were as follows:

(Unaudited, in Canadian dollars)

Operating information:		
Retail and wholesale revenues	$	2,917,959
Cost of goods sold		(1,698,198)
Gross profit		1,219,761
Operating expenses		
Selling, general and administrative		(676,955)
Net income from discontinued operations	**$**	**542,806**

The Company recorded a gain of $17,678,054 on the disposal of Perpetual Healthcare Inc. in the consolidated statement of income (loss) and comprehensive income (loss) for the three-month period ended March 31, 2021.

6. HST and Other Receivables

	March 31, 2021	December 31, 2020
HST receivable	**$3,819**	$130,770
Trade and other receivables	**-**	25,535
	$3,819	$156,305

7. Inventory

	March 31, 2020	December 31, 2020
Finished goods	**$-**	$657,039

During the three-month period ended March 31, 2021, inventory expensed to cost of goods sold was $1,698,198. (Three months ended March 31, 2020- $1,330,813) (note 5).

8. Property and Equipment

	Land	**Building and improvements**	**Furniture, Machinery and Equipment**	**Leasehold improvements**	**Total**
Cost:					
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	(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
Additions	-	-	-	-	-
Disposals		-	(200,043)	(14,382)	(214,425)
Balance, March 31, 2021			$ 994,301		$ 994,301
Depreciation:					
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

(Unaudited, in Canadian dollars)

Depreciation	-	-	50,460	(1,558)	48,902
Balance, March 31, 2021	$ -	$ -	$ 570,276	$ -	$ 570,276
Net book value:					
Balance, March 31, 2021	**$ -**	**$ -**	**$ 424,025**	**$ -**	**$ 424,025**
Balance, December 31, 2020	$ -	$ -	$ 674,528	$ 12,824	$ 687,352

9. Intangible Assets

	Assets Acquired from PDT	Assets Acquired from Perpetual	Impairment	Total
Cost				
License	-	7,976,400	-	7,976,400
Brands	-	543,725	-	543,725
Balance, December 31, 2019	-	8,520,125	-	8,520,125
Balance, December 31, 2020	$ -	$ 8,520,125	$ -	$8,520,125
Balance, March 31, 2021	$ -	$ -	$ -	$ -
Accumulated amortization:				
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
Amortization expense	-	1,017,682	-	1,017,682
Balance, March 31, 2021	$ 4,586	$ -	$ (4,586)	$ -
Net book value:				
March 31, 2021	**$ -**	**$ -**	**$ -**	**$ -**
December 31, 2020	$ 256,237	$7,502,443	$ (256,237)	$7,502,443

10. Goodwill

Goodwill of $9,620,177 as at December 31, 2020 was resulted from the acquisition of Perpetual completed during the fourteen months ended December 31, 2019. The full balance of goodwill was derecognized upon the sale of Perpetual that was closed on March 10, 2021.

11. Trade Payables and Accrued Liabilities

	March 31, 2021	March 31, 2020
Trade payables	**$332,168**	$1,437,639
Accrued liabilities	**972,491**	212,280
	$1,304,659	$1,649,919

12. Note Payable

In October 2019, the Company executed an asset purchase agreement (“Agreement”) to acquire the 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 was due 12 months after closing.

On October 25, 2020, the Company’s wholly owned subsidiary, Nabis AZ, LLC failed to fund the US$8,000,000 note payable obligation. Nabis AZ was required to make payment to the vendors under the Agreement of approximately USD $8.1 million, including accrued interest. The note payable was in default at December 31, 2020.

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 defaulted note payable 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 on January 26, 2021.

On January 19, 2021, the Company discharged its US$8,000,000 note payable obligation plus accrued interest and other related costs.

On March 10, 2021, the US$9,000,000 loan, including minimum interest payments and early termination fees totaling $12,372,161 (US$9,834,786) was repaid in full with the proceeds from the sale of PHI.

13. Convertible Debentures

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 2023 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 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.

Prior to implementation of the Proposal, the 8% convertible debentures had a carrying value of $29,012,683. The Company recognized a net gain on the extinguishment of the convertible debentures of $10,834,332. With the implementation of the proposal, the Company issued $23,000,000 in new 5.3% notes due January 26, 2023 with interest payable on a quarterly basis (see note 14).

(Unaudited, in Canadian dollars)

14. Senior Unsecured Notes

On January 26, 2021, in connection with the implementation of the Proposal, the Company issued $23,000,000 in new 5.3% notes due January 26, 2023. The debentures pay interest on a quarterly basis.

The Company estimates 20% to be the market interest rate for a similar debt instrument and applied this rate to obtain the fair value $17,929,812 of the debentures at inception. Accretion expense for the note payable during the three-month period ended March 31, 2021 was $644,509. At March 31, 2021, the fair value of the note payable is $18,574,321.

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.

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 are as follows:

	March 31, 2021	March 31, 2020
Management and consulting fees	**$40,000**	$495,835
Salaries and wages	**18,333**	209,203
Share-based compensation	**-**	110,000
	$58,333	$815,038

At March 31, 2021, $20,000 (March 31, 2020 - $33,771) is included in trade payables and accrued liabilities for amounts owing to related parties. See note 11.

16. Share Capital

(a) Authorized Share Capital

At March 31, 2021, 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

Immediately prior to the January 26, 2021 Proposal implementation date, the Company had 121,729,441 common shares outstanding. Upon implementation of the Proposal, (i) 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 were cancelled; (ii) in full and final satisfaction of all unsecured creditor claims, the Company issued and paid 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.

(Unaudited, in Canadian dollars)

At March 31, 2021, the Company has 3,700,000 new common shares outstanding. The fair value of the shares issued, in the amount of $1,825,532 was determined based on the 10-day volume weighted average share price of the common shares after trading recommenced on March 17, 2021.

(c) Stock Options

As a result of the Proposal implementation on January 26, 2021, all outstanding stock options were cancelled and $992,809 was reclassified from Reserves to Retained Earnings.

	Number of Options	Option Reserve	Weighted Average Exercise Price ($)
Balance at December 31, 2020	**4,315,000**	**$992,809**	**$0.25**
Stock options cancelled	**(4,315,000)**	**(992,809)**	**(0.25)**
Balance at March 31, 2021	**-**	**-**	**-**

(d) Warrants

As a result of the Proposal implementation on January 26, 2021, all outstanding warrants as outlined below, were cancelled and $2,862,683 was reclassified from Reserves to Retained Earnings.

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**

17. Retail and Wholesale Revenue

Retail and Wholesale revenue comprised of $2,917,959 mainly from sales in the dispensary (discontinued operations) for period January 1 to March 10, 2021 compared to $2,306,959 for three month ended March 31, 2020.

18. Selling, General and Administrative (SG&A) Expenses

		Three months ended March 31, 2021		Three months ended March 31, 2020
Salaries and benefits	**$**	**72,718**	$	389,515
Consulting and management fees		**78,556**		121,704
Sales and marketing		**-**		50,966
Professional fees		**632,062**		278,180
Filing fees and office general		**39,356**		162,963
Banking and merchant fees		**3,243**		4,042
SG&A expenses from continuing operations	**$**	**825,935**	$	1,007,370
SG&A expenses from discontinuing operations		**689,524**		866,940
Total SG&A for the period	**$**	**1,515,459**		1,874,310

(Unaudited, in Canadian dollars)

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. At March 31, the Company also had credit risk associated with the Promissory Note issued by Verano in connection with the disposition of the Emerald Dispensary. This note was repaid according to its terms subsequent to quarter end. 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. The following table details the remaining contractual maturities of the Company's financial liabilities as of March 31, 2021:

	Within 1 year	1 to 2 years	2 – 5 years	Total
Trade payables and accrued liabilities	$1,304,659	$ -	$ -	$ 1,304,659
Senior unsecured notes	1,278,280	24,151,371	-	25,429,651
Lease liabilities	5,266	-	-	5,266
Balance, March 31, 2021	**$ 4,403,628**	**$24,151,371**	**$ -**	**$ 28,554,999**

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

Foreign Exchange Risk
Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency.

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.

(Unaudited, in Canadian dollars)

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 had marketable securities valued in the amount of $14,172,410 at March 31, 2021.

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 Senior Unsecured Notes approximates fair value as the liability component was discounted using an estimated market rate.

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

20. Segmented Information

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

Revenue:

		Three months ended March 31, 2021		Three months ended March 31, 2020
United States	**$**	**2,917,959**	$	2,306,959
Canada		-		-
	$	**2,917,959**	$	2,306,959

Non-current assets:

		Three months ended March 31, 2021		Three months ended March 31, 2020
United States	$	**5,878**	$	33,743,863
Canada		**424,025**		201,504
	$	**429,903**	$	33,945,367

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. 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.

22. Subsequent Event

On May 13, 2021, the Company closed a non-brokered private placement financing of gross proceeds of $252,000 through the issuance of 1,400,000 common shares at a price of $0.18 per Common Share. Gross proceeds raised from the Offering will be used for working capital and general corporate purposes. The securities issued upon closing of the Offering are subject to a hold period until September 14, 2021, pursuant to applicable securities laws. The Offering constituted a related party transaction within the meaning of TSX Venture Exchange Policy 5.9 and Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101") as insiders of the Company subscribed for 1,000,000 Common Shares pursuant to the Offering.