

Consolidated Financial Statements of

**COPLAND ROAD CAPITAL CORPORATION**  
**(Formerly Nabis Holdings Inc.)**

Years ended December 31, 2021 and 2020.  
(Expressed in Canadian dollars)



DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Copland Road Capital Corporation (formerly Nabis Holdings Inc.)

### Opinion

We have audited the consolidated financial statements of Copland Road Capital Corporation (formerly Nabis Holdings Inc.) (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of income (loss) and comprehensive income (loss), changes in equity (deficiency) and cash flows for the years then ended, 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, 2021 and 2020, and its financial performance and its cash flows for the years then ended 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 2, 2022



An independent firm  
associated with Moore  
Global Network Limited

# COPLAND ROAD CAPITAL CORPORATION

## (Formerly Nabis Holdings Inc.)

### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian dollars)

As at	Note	December 31, 2021	December 31, 2020
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash		\$ 1,317,124	\$ 1,539,257
HST and other receivables	5	818	156,305
Inventory	7	-	657,039
Prepays and deposits		9,928	315,248
Assets held for sale	6	71,250	66,777
		<b>1,399,120</b>	<b>2,734,626</b>
<b>Non-current Assets</b>			
Property and equipment	9	-	687,352
Intangible assets	7, 10	-	7,502,443
Goodwill	7, 10	-	9,620,177
Right-of-use assets	11	-	65,233
		<b>\$ 1,399,120</b>	<b>\$ 20,609,831</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Trade payables and accrued liabilities	12	\$ 201,937	\$ 3,724,208
Lease liabilities	13	-	66,215
Note payable	14	-	10,673,131
Convertible debentures	1, 15	-	29,012,683
		<b>201,937</b>	<b>43,476,237</b>
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>			
Share capital attributable to predecessor shareholders	1, 18	-	12,862,367
Share capital attributable to successor shareholders	1, 18	2,612,550	-
Obligation to issue shares	18	30,000	-
Reserves	1, 18	-	12,310,294
Accumulated other comprehensive loss		-	(67,393)
Deficit		(1,445,367)	(47,971,674)
		<b>1,197,183</b>	<b>(22,866,406)</b>
		<b>\$ 1,399,120</b>	<b>\$ 20,609,831</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Nature of operations and going concern	1		
Contingency	21		
Subsequent events	1, 6, 23		

These consolidated financial statements were approved for issue on behalf of the Board of Directors on May 2, 2022, by

"Jared Carroll"  
Director

"Bruce Langstaff"  
Director

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

# COPLAND ROAD CAPITAL CORPORATION

## (Formerly Nabis Holdings Inc.)

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

(Expressed in Canadian dollars, except share data)

	Note	Year ended	
		December 31, 2021	December 31, 2020
<b>Expenses:</b>			
Selling, general and administrative	19	1,437,916	5,245,943
Share-based compensation	17, 18	-	243,757
Depreciation and amortization	7, 9, 10,11	492,577	1,474,642
		<b>1,930,493</b>	<b>6,964,342</b>
Loss before other items		<b>(1,930,493)</b>	<b>(6,964,342)</b>
<b>Other Items</b>			
Accretion expense	15, 16	(2,631,366)	(4,327,317)
Foreign exchange loss		(499,893)	(92,406)
Gain on debt extinguishments	1, 15, 16	18,143,734	-
Gain on disposal of assets	6	84,213	1,201,787
Loss on marketable securities	8	(7,660,749)	-
Impairment of property and equipment	6, 9	(131,576)	(5,759,712)
Interest and other income		73,687	127,205
Interest expense	13,14, 15,16	(2,431,430)	(3,076,143)
		<b>4,946,579</b>	<b>(11,926,586)</b>
Net income (loss) from continuing operations		<b>3,016,128</b>	<b>(18,890,928)</b>
<b>Discontinued Operation</b>			
Net income from discontinued operation	7	562,945	518,002
Gain on sale of assets and liabilities associated with discontinued operation	7	17,841,966	-
Net income (loss) for the period		<b>21,421,039</b>	<b>(18,372,926)</b>
<b>Other comprehensive loss:</b>			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		-	(8,451)
Other comprehensive loss associated with discontinued operation reclassified to profit or loss		(67,393)	-
Total comprehensive income (loss)		<b>\$ 21,353,646</b>	<b>\$ (18,381,377)</b>
<b>Basic and diluted income (loss) per share</b>			
Continuing operation		<b>\$ 0.24</b>	<b>\$ (0.16)</b>
Discontinued operation		<b>\$ 1.48</b>	<b>\$ 0.004</b>
Weighted average number of common shares outstanding, basic and diluted		<b>12,397,621</b>	<b>119,692,280</b>

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

# COPLAND ROAD CAPITAL CORPORATION

## (Formerly Nabis Holdings Inc.)

### CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

For the Years ended December 31, 2021 and 2020

(Expressed in Canadian dollars)

	Number of shares	Share capital attribute to predecessor shareholders	Share capital attribute to successor shareholders	Shares to be issued	Reserves	Accumulated other comprehensive loss	Shareholders' Equity (Deficiency)	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 Cannova transaction	-	-	-	(3,369,334)	-	-	3,369,334	-
Stock-based compensation	5,600,000	200,000	-	-	43,757	-	-	243,757
Unrealized loss on translation of foreign operations	-	-	-	-	-	(8,451)	-	(8,451)
Share adjustment	24	-	-	-	-	-	-	-
Net loss for the year	-	-	-	-	-	-	(18,372,926)	(18,372,926)
<b>Balance at December 31, 2020</b>	<b>121,729,441</b>	<b>12,862,367</b>	<b>-</b>	<b>-</b>	<b>12,310,294</b>	<b>(67,393)</b>	<b>(47,971,674)</b>	<b>\$ (22,866,406)</b>
<b>Cancellation of predecessor equity</b>	<b>(121,729,441)</b>	<b>(12,862,367)</b>	<b>-</b>	<b>-</b>	<b>(12,310,294)</b>	<b>-</b>	<b>25,172,661</b>	<b>-</b>
<b>Issuance of successor shares for Proposal</b>	<b>3,700,000</b>	<b>-</b>	<b>1,825,550</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,825,550</b>
<b>Successor shares issued in private placements</b>	<b>4,075,000</b>	<b>-</b>	<b>787,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>787,000</b>
<b>Successor shares subscription received</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,000</b>
<b>Reclassified comprehensive loss associated with discontinued operation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>67,393</b>	<b>(67,393)</b>	<b>-</b>
<b>Net income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,421,039</b>	<b>21,421,039</b>
<b>Balance as December 31, 2021</b>	<b>7,775,000</b>	<b>\$ -</b>	<b>\$ 2,612,550</b>	<b>\$ 30,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,445,367)</b>	<b>\$ 1,197,183</b>

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

# COPLAND ROAD CAPITAL CORPORATION

## (Formerly Nabis Holdings Inc.)

### CONSOLIDATED STATEMENTS OF CASHFLOWS

(Expressed in Canadian dollars)

	Year ended December 31, 2021	Year ended December 31, 2020
<b>Operating Activities</b>		
Net income (loss) from continuing operations	\$ 3,016,128	\$ (18,890,928)
Adjustment for non-cash items		
Accretion expense	2,631,366	4,327,317
Depreciation and amortization	492,577	1,511,734
Interest expense	2,431,430	3,076,143
Change in fair value of marketable securities	9,133,610	-
Gain on marketable securities	(1,472,861)	-
Gain on debt extinguishment	(18,143,734)	-
Gain on disposal of property and equipment	(84,213)	(1,201,787)
Impairment of property and equipment	131,576	5,759,712
Lease accounting	-	(183,717)
Share-based compensation	-	243,757
Unrealized foreign exchange (gain) loss	678,403	(1,164,186)
Changes in non-cash working capital items:		
HST and other receivables	155,487	417,079
Prepays and deposits	142,126	86,407
Trade payables and accrued liabilities	(1,563,840)	1,831,698
	(2,451,945)	(4,223,862)
Interest paid	(1,584,377)	(1,137,576)
Net cash flow used in continuing operating activities	(4,036,322)	(5,361,438)
Net cash flow provided by (used in) discontinued operating activities	(299,743)	569,930
<b>Net cash flow used in operating activities</b>	<b>(4,335,795)</b>	<b>(4,791,508)</b>
<b>Investing Activities</b>		
Proceeds from sale of marketable securities	14,103,680	-
Proceeds from sale of property and equipment	154,399	5,841,974
Acquisition of property and equipment, net	-	(1,526,347)
Net cash flow provided by continuing investing activities	28,887,212	4,315,627
Net cash flow provided by (used in) discontinued investing activities	14,608,564	(208,132)
<b>Net cash flow provided by investing activities</b>	<b>28,866,643</b>	<b>4,107,495</b>
<b>Financing Activities</b>		
Issuance of shares for cash	787,000	-
Share subscription received	30,000	-
Proceeds from loan payable	11,497,500	-
Repayment of note payable	(10,220,000)	-
Repayment of loan payable	(11,322,000)	-
Repayment of senior unsecured loan	(14,720,000)	-
Mortgage advances	-	2,121,030
Mortgage repayments	-	(2,453,801)
Payment of lease liability	-	(130,948)
<b>Net cash flow used in financing activities</b>	<b>(23,947,500)</b>	<b>(463,719)</b>
<b>Change in cash of continuing operation during the year</b>	<b>903,390</b>	<b>(1,509,530)</b>
<b>Change in cash of discontinued operation during the year</b>	<b>(320,042)</b>	<b>361,798</b>
Foreign exchange effect on cash	43,559	182,731
Cash, beginning	1,539,257	2,504,258
<b>Cash, ending</b>	<b>\$ 1,317,124</b>	<b>\$ 1,539,257</b>

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

**COPLAND ROAD CAPITAL CORPORATION (formerly Nabis Holdings Inc.)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years ended December 31, 2021 and 2020

*(Expressed in Canadian dollars, unless otherwise noted)*

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**1. Nature of Operations and Going Concern**

*Operations*

Copland Road Capital Corporation (formerly 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 first changed its name from Innovative Properties Inc. to Nabis Holdings Inc. On January 14, 2022, The Company changed its name to Copland Road Capital Corporation to reflect its exit from the US cannabis business on the same date. The Company’s shares are listed on the Canadian Securities Exchange under the symbol “CRCC” since January 14, 2022. The head office of the Company is located at 7-B Pleasant Blvd., Suite 978, Toronto, ON M4T 1K2.

*Proposal*

In November 2020, the Company entered into a Support Agreement (the “Support Agreement”) with certain holders (the “Debentureholders”) of the Company’s 8% convertible unsecured subordinated debentures (the “Convertible Debentures”). 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 (“predecessor 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 (“successor shares”) of the Company and b) \$23,000,000 in new 5.3% senior unsecured notes due January 2023 (the “Senior Unsecured Notes”).

The Proposal was unanimously approved at a meeting of creditors held on December 14, 2020, approved by the Ontario Superior Court of Justice on December 21, 2020, and was implemented on January 26, 2021. On January 26, 2021, all previously issued equity were cancelled, and the successor shares and Senior Unsecured Notes were issued to the Debentureholders. As a result, the share capital of \$12,862,367 and reserve of \$12,310,294, representing the fair value of the common shares, common share purchase warrants and stock options, were reclassified to deficit. The Convertible Debentures which had a carrying value of \$29,913,995 were extinguished (note 15).

*Plan of Arrangement*

On September 28, 2021, the successor shareholders of the Company approved a plan of arrangement to redeem the Senior Unsecured Notes issued pursuant to the Senior Unsecured Notes Indenture dated January 26, 2021 and amended on April 1, 2021. The Plan of Arrangement was filed by the Company in proceedings commenced under the British Columbia Business Corporations Act. Pursuant to the Plan of Arrangement, the Company entered into a series of transactions that had the effect of redeeming all of the outstanding Senior Unsecured Notes at \$64 for each \$100 principal amount of the debentures outstanding on an “interest flat” basis, following the sale of all of the Subordinate Voting Shares of Verano Holdings Corp. the Company held (note 8) to a third party. The Plan of Arrangement became effective on December 2, 2021 (note 16).



**COPLAND ROAD CAPITAL CORPORATION (formerly Nabis Holdings Inc.)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the Years ended December 31, 2021 and 2020

*(Expressed in Canadian dollars, unless otherwise noted)*

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**2. Nature of Operations and Going Concern (continued)**

*Going concern*

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Prior to the implementation of the Proposal, the Company had incurred losses and negative cash flows from operations since inception that have primarily been funded through financing activities. As at December 31, 2021, the Company had a deficit of \$1,445,367. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to raise financing in order to cover its operating costs. During the year ended December 31, 2021, the Company generated working capital to fund its operations by raising additional capital through equity financing. However, there is no assurance it will be able to continue to do so in the future. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

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.

*COVID-19*

The outbreak of the coronavirus, also known as "COVID-19," spread across the globe and impacted worldwide economic activity. The outbreak and the related mitigation measures has resulted in a widespread health crisis that is adversely affecting the economies and financial markets worldwide, including the businesses which the Company operates. Furthermore, restrictions on travel and the limited ability to have in-person meetings are expected to have an adverse effect on the Company's businesses. The extent to which COVID-19 impacts the Company's businesses 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 the Canada and other countries to contain and treat the disease. The effect that these events may 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 consolidated financial statements of the Company 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 consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

These consolidated financial statements were approved and authorized by the Board of Directors on May 2, 2022.

**COPLAND ROAD CAPITAL CORPORATION (formerly Nabis Holdings Inc.)**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years ended December 31, 2021 and 2020

*(Expressed in Canadian dollars, unless otherwise noted)***2. Basis of Preparation (continued)*****(b) Basis of measurement***

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. In addition, these consolidated financial statements have been prepared on an accrual basis, except for cash flow information. Certain comparative figures on the consolidated statements of financial position and consolidated statements of income (loss) and comprehensive income (loss) were reclassified in order to conform with current year presentation.

***(c) 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 and 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 Company's control over Perpetual Healthcare Inc. ("Perpetual") ceased on March 10, 2021 (note 7).

The following subsidiaries have been consolidated and presented within these consolidated financial statements for the period the Company possessed its control:

Subsidiary	Control	Location	Status
Nabis Technologies Corp.	100%	Canada	
Be In Synergy Inc.	100%	Canada	
Abis Biopharma Corporation	100%	Canada	
Nabis (CAN) Holdings Corp	100%	Canada	
Nabis (US) Corp.	100%	USA	
Nabis AZ, LLC ("Nabis AZ")	100%	USA	
Perpetual Healthcare Inc.	100%	USA	Disposed in March 2021
Nabis Arizona Property, LLC	100%	USA	Dissolved in December 2021
Nabis Joint Ventures (AZ), LLC	100%	USA	Dissolved in December 2021
Nabis Hemp Holdings, LLC	100%	USA	Dissolved in December 2021
Nabis Holdings California Inc.	100%	USA	
Nabis Holdings California, LLC	100%	USA	
Nabis Holdings, LLC	100%	USA	Dissolved in December 2021
Nabis NM LLC	100%	USA	Dissolved in December 2021
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 December 31, 2021, the Company continued to wind down remaining inactive subsidiaries (note 23).

**COPLAND ROAD CAPITAL CORPORATION (formerly Nabis Holdings Inc.)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the Years ended December 31, 2021 and 2020

*(Expressed in Canadian dollars, unless otherwise noted)*

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**2. Basis of Preparation (continued)**

***(d) Functional and presentation currency***

The consolidated financial statements are presented in Canadian dollars unless otherwise noted. 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 is the Canadian dollar except for Perpetual, whose function currency is US dollars.

***(e) Significant estimates and assumptions***

The preparation of these 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 assets held for sale, 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 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 determination of valuation method for the successor common shares issued the implementation of Proposal, the assessment of the Company's ability to continue as a going concern, the determination of the functional currency and the classification of assets held for sale.

**3. Significant Accounting Policies**

**Financial instruments**

**(i) Classification**

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive loss ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

**COPLAND ROAD CAPITAL CORPORATION (formerly Nabis Holdings Inc.)**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years ended December 31, 2021 and 2020

*(Expressed in Canadian dollars, unless otherwise noted)***3. Significant Accounting Policies (continued)****Financial instruments (continued)**

## (i) Classification (continued)

The following table shows the classification under IFRS 9:

Financial assets/liabilities	IFRS 9 classification
Cash	FVTPL
Marketable securities	FVTPL
Other receivables	Amortized cost
Accounts payable	Amortized cost
Note payable	Amortized cost
Convertible debentures	Amortized cost

## (ii) Measurement

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of loss and comprehensive loss in the period in which they arise.

## (i) Impairment of financial assets at amortized cost.

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

**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.

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:

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

**COPLAND ROAD CAPITAL CORPORATION (formerly Nabis Holdings Inc.)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years ended December 31, 2021 and 2020

*(Expressed in Canadian dollars, unless otherwise noted)*

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**3. Significant Accounting Policies (continued)**

**Discontinued Operations**

Discontinued operations represent a major line of business or geographic area of operations for the Company that have either been disposed of or classified as held for sale. The items in the consolidated statement of financial position related to discontinued operations are presented on specific lines in the annual consolidated financial statements. Profit or loss items related to discontinued operations are shown separately in the consolidated financial statements for all periods presented if they are material to the Company.

**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 included in the assets associated with discontinued operations consist of 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.

**COPLAND ROAD CAPITAL CORPORATION (formerly Nabis Holdings Inc.)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years ended December 31, 2021 and 2020

*(Expressed in Canadian dollars, unless otherwise noted)*

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**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 included in the assets associated with discontinued operations 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.

**COPLAND ROAD CAPITAL CORPORATION (formerly Nabis Holdings Inc.)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the Years ended December 31, 2021 and 2020

*(Expressed in Canadian dollars, unless otherwise noted)*

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**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 was derived in the discontinued operation and was recognized in accordance with the five steps in IFRS 15 *Revenue from Contracts with Customers* by following the following steps:

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 was attributable to discontinued operations and 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 net realizable value adjustments as required.

**Share-Based Payment**

The Company operated a stock option plan prior to the implementation of Proposal. Share-based payments to employees were 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 were recorded at the date the goods or services are received. The corresponding amount was recorded to the option reserve. The fair value was determined using the Black-Scholes Option Pricing Model. The number of stock options expected to vest was reviewed and adjusted at the end of each reporting period.

**Warrants**

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

**COPLAND ROAD CAPITAL CORPORATION (formerly Nabis Holdings Inc.)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years ended December 31, 2021 and 2020

*(Expressed in Canadian dollars, unless otherwise noted)*

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**3. Significant Accounting Policies (continued)**

**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 arises from 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.

**Income (Loss) per Share**

Basic income or loss per share is calculated by dividing the net income or 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 income or loss per share. Diluted income or 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.

**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.



**COPLAND ROAD CAPITAL CORPORATION (formerly Nabis Holdings Inc.)**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years ended December 31, 2021 and 2020

*(Expressed in Canadian dollars, unless otherwise noted)***4. Future changes in accounting policies**

The following new amendment to standards and interpretations under IFRS are not yet effective for the year ended 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, 2022 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. HST and Other Receivables**

	<b>December 31, 2021</b>	December 31, 2020
HST receivable	\$ 818	\$ 130,777
Other receivables	-	25,535
	<b>\$ 818</b>	<b>\$ 156,305</b>

**6. Assets Held For Sale**

As at December 31, 2021 and 2020, the balance of assets held for sale include the following:

	<b>December 31, 2021</b>	December 31, 2020
Extraction and production equipment	\$ -	\$ 66,777
Cannabis cultivation equipment	<b>71,250</b>	-
	<b>\$ 71,250</b>	<b>\$ 66,777</b>

*Extraction and Production Equipment*

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 included extraction and production equipment of \$141,411, right-of-use asset of \$99,067 and lease liability of the same amount related to the lease of the product facility, and an option to purchase processing license valued at \$260,823. The option to purchase processing license was substantially impaired during the fiscal period 2019.

In November 2020, the Company entered into an agreement to sell the extraction and production equipment for \$154,399 (US\$125,000) and terminate the production lease facility. The agreement, including the termination of the production facility lease, was subject to customary closing conditions including obtaining the approval from the Washington State Liquor and Cannabis Board. The approval was received on May 12, 2021.

**COPLAND ROAD CAPITAL CORPORATION (formerly Nabix Holdings Inc.)**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years ended December 31, 2021 and 2020

*(Expressed in Canadian dollars, unless otherwise noted)***6. Assets Held For Sale (continued)***Extraction and Production Equipment (continued)*

As at December 31, 2020, the carrying value of the extraction and production equipment in the amount of \$66,777 was classified as assets held for sale. During the year 2021, the Company received a deposit of \$29,657 (US\$25,000) and a second payment of \$59,363 (US\$50,000) upon closing on May 12, 2021. The remaining balance of \$65,379 (US\$50,000) was rendered with a note receivable with 6-month term and bearing interest at 10% per annum. The note receivable was collected in full on December 8, 2021. A gain on disposal of property and equipment of \$84,213 (2020 - nil) was recorded for the disposal of the equipment.

*Cannabis Cultivation Equipment*

The Company purchased custom designed modular cannabis cultivation equipment at a total cost of \$990,000 during 2019. During the year ended December 31, 2021, the Company decided to dispose of the equipment due to its exit from cannabis business (note 1). As a result, the Company has written down on the carrying value of the equipment by \$131,576 based on the selling price less cost to sell pursuant to an asset purchase agreement entered into with a third party subsequent to the year end. As at December 31, 2021, the remaining \$71,250 was classified as assets held for sale. The disposition of the equipment was completed on March 31, 2022.

**7. Discontinued Operation**

On February 26, 2021, the Company, through its subsidiary Nabix AZ, entered into an Assignment and Change of Control Agreement (the "Agreement") with Verano Arizona LLC ("Verano Arizona"), a subsidiary of Verano Holdings Corp. ("Verano"), whereby Nabix AZ assigned and transferred the management rights and interest associated with Perpetual Healthcare Inc., which operates the Emerald Dispensary in Phoenix, Arizona, to Verano Arizona (the "Assignment") for the consideration of US\$11,250,000 in cash ("Cash Consideration"), US\$11,250,000 in Class A Subordinate Voting Shares of Verano ("Share Consideration") and a promissory note of US\$6,125,000 due 60 days after the closing date. The Assignment was closed on March 10, 2021. The Company recorded a gain of \$17,841,966 on the sale of Perpetual upon the closing of the Assignment, as summarized in the following table:

	<b>Total</b>
<b>Assets:</b>	
Cash	\$ 528,496
Inventory	677,838
Prepaid expenses	132,131
Property and equipment	180,469
Intangible assets	7,332,041
Goodwill	9,620,177
	<b>18,471,152</b>
<b>Liabilities:</b>	
Trade and other payables	(664,969)
<b>Net assets</b>	<b>17,806,183</b>
<b>Proceeds from disposition:</b>	
US\$11,500,000 paid for Cash Consideration	14,629,133
541,994 Class A Subordinate Voting Shares of Verano received for US\$11,500,000 Share Consideration in May 2021	13,278,853
US\$6,125,000 promissory note receivable, received in 350,644 Class A Subordinate Voting Shares of Verano for principal plus interest in May 2021	7,740,163
	<b>35,648,149</b>
<b>Gain on disposal of discontinued operation</b>	<b>\$ 17,841,966</b>

**COPLAND ROAD CAPITAL CORPORATION (formerly Nabis Holdings Inc.)**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years ended December 31, 2021 and 2020

*(Expressed in Canadian dollars, unless otherwise noted)***7. Discontinued Operation (continued)**

The operating results of the discontinued operations are as follows:

	<b>Period from January 1, 2021 to March 10, 2021</b>	Year ended December 31, 2020
Revenue:		
Retail and wholesale revenue	\$ 2,919,338	\$ 13,914,844
Other income	31,538	112,314
	<b>2,950,876</b>	14,027,157
Costs of goods sold	<b>(1,707,538)</b>	(8,093,334)
	<b>1,243,338</b>	5,933,823
Expenses:		
Depreciation	-	(37,106)
Salaries and wages	<b>(408,053)</b>	(2,489,295)
Consulting fee	-	(516,937)
Professional fee	<b>(21,093)</b>	(361,106)
Office and general	<b>(60,814)</b>	(744,355)
Rent	<b>(167,567)</b>	(833,535)
Insurance	<b>(14,983)</b>	(108,641)
Banking and merchant fees	<b>(7,883)</b>	(51,794)
	<b>562,945</b>	791,053
Tax expense	-	(273,051)
Net income for the period	<b>\$ 562,945</b>	<b>\$ 518,002</b>

**8. Marketable Securities**

The Company received 541,994 Class A Verano Shares on May 14, 2021 and 350,644 Class A Verano Shares on May 10, 2021 as part the consideration received from the sale of Perpetual. These shares were disposed of to fund the settlement the Senior Unsecured Notes (note 1, 7 and 16) as part of the Plan of Arrangement, resulting a gain on the marketable securities of \$1,472,861 recorded on the consolidated statement of income (loss) and comprehensive income (loss).

The activities of the marketable securities during the year ended December 31, 2021 include the following:

	<b>December 31, 2021</b>	December 31, 2020
	\$	\$
Fair value, beginning of the period	-	-
Addition of Class A Verano Shares (note 1, 7, 16)	<b>13,278,853</b>	-
Addition of Class A Verano Shares (note 1, 7, 16)	<b>8,485,576</b>	-
Loss on marketable securities	<b>(7,660,749)</b>	-
Proceeds from sale of marketable securities	<b>(14,103,680)</b>	-
Fair value, end of the period	-	-

**COPLAND ROAD CAPITAL CORPORATION (formerly Nabis Holdings Inc.)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years ended December 31, 2021 and 2020

(Expressed in Canadian dollars, unless otherwise noted)

**9. Property and Equipment**

	<b>Furniture, Machinery and Equipment</b>	<b>Leasehold Improvement</b>	<b>Total</b>
<b>Cost:</b>			
Balance, December 31, 2019	\$ 1,438,619	\$ 23,228	1,461,847
Additions	101,952	265,863	367,815
Impairments	-	(20,175)	(20,175)
Disposals	(346,227)	(254,534)	(600,761)
Balance, December 31, 2020	1,194,344	14,382	1,208,726
Impairments	(131,576)	-	(131,576)
Disposals (note 7)	(203,185)	(14,382)	(217,567)
Reclassified to asset held for sale	(859,583)	-	(859,583)
Balance, December 31, 2021	-	-	-
<b>Accumulated depreciation:</b>			
Balance, December 31, 2019	185,912	1,719	187,631
Depreciation	333,904	8,245	342,149
Impairment	-	(8,406)	(8,406)
Balance, December 31, 2020	519,816	1,558	521,374
Depreciation	303,667	390	304,057
Disposals (note 7)	(35,150)	(1,948)	(37,098)
Reclassified to asset held for sale	(788,333)	-	(788,333)
Balance, December 31, 2021	-	-	-
<b>Net book value:</b>			
<b>Balance, December 31, 2020</b>	<b>\$ 674,528</b>	<b>\$ 12,824</b>	<b>\$ 687,352</b>
<b>Balance, December 31, 2021</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**10. Intangible Assets and Goodwill**

*Intangible assets*

	<b>License</b>	<b>Brand</b>	<b>Total</b>
<b>Cost:</b>			
Balance, December 31, 2019 and 2020	\$ 7,976,400	\$ 543,725	8,520,125
Disposals (note 7)	(7,976,400)	(543,725)	(8,520,125)
Balance, December 31, 2021	-	-	-
<b>Accumulated amortization:</b>			
Balance, December 31, 2019	155,097	10,572	165,669
Amortization	797,640	54,373	852,013
Balance, December 31, 2020	952,737	64,945	1,017,682
Amortization	155,097	15,305	170,402
Disposals (note 7)	(1,107,834)	(80,250)	(1,188,084)
Balance, December 31, 2021	-	-	-
<b>Net book value:</b>			
<b>Balance, December 31, 2020</b>	<b>\$ 7,023,663</b>	<b>\$ 478,780</b>	<b>\$ 7,502,443</b>
<b>Balance, December 31, 2021</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**COPLAND ROAD CAPITAL CORPORATION (formerly Nabis Holdings Inc.)**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years ended December 31, 2021 and 2020

*(Expressed in Canadian dollars, unless otherwise noted)***10. Intangible Assets and Goodwill (continued)***Intangible assets (continued)*

Intangible assets include the license and brand acquired from the acquisition of Perpetual during 2019. Upon the sale of Perpetual on March 10, 2021, the carrying value of \$7,332,041 of intangible assets was derecognized.

*Goodwill*

Goodwill of \$9,620,177 as at March 10, 2021 and December 31, 2020 was resulted from the acquisition of Perpetual during 2019. The full balance of goodwill was derecognized upon the closing of the sale of Perpetual on March 10, 2021.

**11. Right-Of-Use Assets**

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 was adjusted in 2020.

In light of the agreement to sell the assets acquired from PDT and terminate the Washington production facility lease (note 6), the Company adjusted the expected right-of-use asset and corresponding liability as at December 31, 2020. The right-of-use assets and the lease liability associated with the Washington production facility lease was derecognized upon the closing of the disposal of the asset on May 12, 2021.

<b>Cost</b>		<b>Total</b>
Balance, December 31, 2019	\$	420,809
Lease terminations		(167,620)
Balance, December 31, 2020		\$253,189
Lease terminations		(253,189)
Balance, December 31, 2021	\$	-
<b>Accumulated amortization</b>		
Balance, December 31, 2019	\$	(40,098)
Amortization		(147,858)
Balance, December 31, 2020		(187,965)
Amortization		(18,118)
Lease terminations		(206,083)
Balance, December 31, 2021	\$	-
<b>Net book value:</b>		
<b>December 31, 2020</b>	<b>\$</b>	<b>65,233</b>
<b>December 31, 2021</b>	<b>\$</b>	<b>-</b>

**COPLAND ROAD CAPITAL CORPORATION (formerly Nabis Holdings Inc.)**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years ended December 31, 2021 and 2020

*(Expressed in Canadian dollars, unless otherwise noted)***12. Trade Payables and Accrued Liabilities**

The trade payable and accrued liabilities consist of the following:

	<b>December 31, 2021</b>	December 31, 2020
Trade payables	<b>\$ 110,096</b>	\$ 2,785,310
Accrued liabilities	<b>91,841</b>	938,898
	<b>\$ 201,937</b>	\$ 3,724,208

**13. Lease Liability**

The continuity of the lease liability during the year ended December 31, 2021 and 2020 consist of the following:

	Total
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
Interest expense	1,260
Lease payments	(20,360)
Adjustment due to lease terminations	(47,115)
<b>Balance, December 31, 2021</b>	<b>\$ -</b>

**14. Note Payable**

In October 2019, the Company, through Nabis AZ, 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. 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 remaining 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 (“Note Payable”).

Nabis AZ was required to make payment to the vendors under the Agreement of approximately USD \$8.1 million, including accrued interest. On October 25, 2020, Nabis AZ was unable to fund the discharge of the US\$8,000,000 note payable obligation.

On January 15, 2021, Nabis AZ obtained a US\$9,000,000 one-year loan (“Bridge Loan”) bearing interest at 12% per annum to repay the defaulted Note Payable in full, including the principal amount, accrued interest and other related costs, for a total amount of \$10,758,107 (US\$8,472,285).

At the time the proceeds were received, the lender of the Bridge Loan was at arm’s length party, who however subsequently became a related party of the Company upon the completion of the Company’s Proposal on January 26, 2021. On March 10, 2021, the Bridge 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 Perpetual.

**COPLAND ROAD CAPITAL CORPORATION (formerly Nabis Holdings Inc.)**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years ended December 31, 2021 and 2020

*(Expressed in Canadian dollars, unless otherwise noted)***15. Convertible Debentures**

Convertible debentures consisted of the following:

	<b>December 31, 2021</b>	December 31, 2020
Balance, beginning of the period	\$ 29,012,683	\$ 25,823,984
Accretion expense	701,359	4,327,317
Interest expense	199,953	2,517,182
Interest paid	-	(701,760)
Accrued interest in payable	-	(1,815,422)
Foreign exchange loss		(1,138,618)
Derecognition upon debt extinguishment (note 1)	<b>(29,913,995)</b>	-
Balance, ending of the period	\$ -	\$ 29,012,683

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 convertible debentures were applied with an effective interest rate of 20% when initially measured at \$26,633,198.

On January 26, 2021, the 8% convertible debentures had a carrying value of \$29,913,955. As a result of implementation of the Proposal, the Company derecognized the convertible debentures, together with interest payable of \$1,815,422, in full and recognized a net gain of \$11,974,074 on the extinguishment of the convertible debentures on the consolidated statement of income (loss) and comprehensive income (loss) for the year.

**16. Senior Unsecured Notes**

On January 26, 2021, in connection with the implementation of the Proposal, the Company issued \$23,000,000 in Senior Unsecured Notes bearing interest at 5.3% per annum, payable on a quarterly basis, and maturing on January 26, 2023. The Company applied an estimated 20% market interest rate for a similar debt instrument and applied this rate to obtain the fair value \$17,929,812 for the Senior Unsecured Notes at inception. Accretion expense of \$1,930,006 and interest expense of \$1,029,842 were recorded for the Senior Unsecured Notes payable during the year ended December 31, 2021.

On December 2, 2021, the Company redeemed the Senior Unsecured Notes in full pursuant to the Plan of Arrangement (note 1) at \$64 for each \$100 principal amount with no interest or other fee accrued. The redemption was funded with the \$14,103,680 proceeds received from the sales of Class A Verano Shares. Upon redemption, the Senior Unsecured Notes has a carrying value of \$19,859,819, together with an interest payable of 1,029,843, which resulted in a gain of \$6,169,660 upon the redemption of these Senior Unsecured Notes.

**COPLAND ROAD CAPITAL CORPORATION (formerly Nabis Holdings Inc.)**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years ended December 31, 2021 and 2020

*(Expressed in Canadian dollars, unless otherwise noted)***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 for year ended 2021 and 2020 are as follows:

	<b>December 31, 2021</b>	December 31, 2020
Management and consulting fees	\$ <b>190,941</b>	\$ 152,536
Salaries and wages	-	978,521
Share-based compensation (note 18)	-	227,743
	<b>\$ 190,941</b>	<b>\$ 1,358,800</b>

**18. Share Capital*****(a) Authorized***

The predecessor share capital was fully cancelled upon the implementation of Proposal on January 26, 2021.

The authorized successor share capital of the Company consists of an unlimited number of successor common shares with no par value. The successor 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***

*For the year ended December 31, 2021*

Immediately prior to the January 26, 2021, the date of the implementation of Proposal, the Company had 121,729,441 predecessor common shares outstanding. Upon implementation of the Proposal (note 1), 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. 3,700,000 successor common shares of the Company, together with the \$23,000,000 in Senior Unsecured Notes, were issued to settled in full and final satisfaction of all unsecured creditor claims. The fair value of the successor common shares issued, in the amount of \$1,825,550, was determined based on the 10-day volume weighted average share price of the common shares commencing the first day it resumed to be publicly traded.

On May 13, 2021, the Company closed a non-brokered private placement financing of gross proceeds of \$252,000 through issuance of 1,400,000 successor common shares at a price of \$0.18 per successor common share. On December 29, 2021, the Company closed a second non-brokered private placement financing of gross proceeds \$535,000 through issuance of 2,675,000 successor common shares at a price of \$0.20 per successor common share. As at December 31, 2021, the Company has 7,775,000 successor common shares outstanding.

The Company also received \$30,000 in subscription proceeds during 2021 for shares that were issued subsequent to year end.



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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years ended December 31, 2021 and 2020

*(Expressed in Canadian dollars, unless otherwise noted)***18. Share Capital (continued)****(b) Common shares issued and outstanding (continued)***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"). 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 predecessor common share of the Company upon vesting. During the year ended December 31, 2020, the Company recognized \$200,000 as share-based compensation related to RSUs. Upon the implementation of Proposal on January 26, 2021, all issued and outstanding RSUs were cancelled.

**(c) Stock Options**

	Number of Options	Option Reserve	Weighted Average Exercise Price (\$)
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
Stock options cancelled	(4,315,000)	(992,809)	0.25
<b>Balance at December 31, 2021</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>

As part of the implementation of Proposal on January 26, 2021 (note 1), all outstanding stock options as outlined below were cancelled and \$992,809 related to the stock options granted and outstanding was reclassified from reserves to deficit.

Expiry Date	Number of options outstanding	Weighted Average Exercise Price (\$)
November 13, 2023	1,750,000	0.16
November 13, 2023	250,000	0.38
December 3, 2023	550,000	0.47
January 10, 2024	250,000	0.42
January 23, 2024	250,000	0.68
May 7, 2024	75,000	0.65
August 19, 2024	50,000	0.20
October 1, 2024	1,000,000	0.10
November 13, 2024	75,000	0.10
January 24, 2025	65,000	0.10
	<b>4,315,000</b>	<b>\$0.23</b>

During the year ended December 31, 2020, the Company issued 265,000 stock options with a fair value of \$43,757. The Company recorded stock-based compensation for the options granted during the year ended December 31, 2020 using the Black-Sholes option pricing model with the following assumptions:

	December 31, 2020
Risk-free interest rate	0.66% - 1.66%
Dividend yield	0.00%
Expected volatility	139.23% - 142.57%
Expected life	5 years

**COPLAND ROAD CAPITAL CORPORATION (formerly Nabis Holdings Inc.)**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years ended December 31, 2021 and 2020

*(Expressed in Canadian dollars, unless otherwise noted)***18. Share Capital (continued)***(d) Warrants*

As part of the implementation of Proposal on January 26, 2021 (note 1), all outstanding common share purchase warrants, as outlined below, were cancelled and \$2,862,683 related to the warrants granted and outstanding was reclassified from reserves to deficit.

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

**19. Selling, General and Administrative Expenses**

	Year ended December 31, 2021	Year ended December 31, 2020
Salaries and benefits	\$ 208,710	\$ 1,419,9224
Consulting and management fees (note 17)	225,077	292,853
Sales and marketing	50,000	276,792
Rent and occupancy expense (adjustment)	(18,798)	86,966
Travel	-	43,567
Insurance	-	12,843
Professional fees	825,928	2,882,156
Office and general	-	79,138
Business development, investor relations and filing fees	131,836	117,129
Banking and merchant fees	15,173	22,575
	\$ 1,437,916	\$ s 5,245,943

**20. Financial Risk Management and Capital Management**

See discussion on the Proposal and Plan of Arrangement 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. 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.

**COPLAND ROAD CAPITAL CORPORATION (formerly Nabis Holdings Inc.)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years ended December 31, 2021 and 2020

*(Expressed in Canadian dollars, unless otherwise noted)*

**20. Financial Risk Management and Capital Management (continued)**

***Liquidity Risk (continued)***

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 and ensures that there are sufficient funds to meet its short-term business requirements, considering 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 December 31, 2021:

	<b>Within 1 year</b>	<b>1 to 2 years</b>	<b>2 – 5 years</b>	<b>Total</b>
Trade payables and accrued liabilities	\$ 201,937	\$ -	\$ -	\$ 201,937
<b>Balance, December 31, 2021</b>	<b>\$ 201,937</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 201,937</b>

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements and debt financing. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity and debt 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. During the year ended December 31, 2021, the Company has US dollar balances in cash, accounts payable and loans, and is therefore exposed to gains or losses on foreign exchange. A significant change in the currency exchange rate between the Canadian dollar relative to the US dollar could have an effect on the Company's profit or loss, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations during the year ended December 31, 2021. As at December 31, 2021, the Company has a nominal amount of cash denominated in US dollar, therefore management consider the foreign exchange to be at a low risk

***Interest Rate Risk***

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk is minimal as it has no indebtedness outstanding as at December 31, 2021.

***Capital Management***

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to ensure that the Company is able to meet its financial obligations as they become due. The capital structure consists of components of shareholders' equity as at December 31, 2021. The basis for the Company's capital structure is dependent on the Company's expected future investment and changes in business environment. To maintain or adjust the capital structure, the Company may issue new shares, incur debt or return capital to shareholders. The Company does not presently utilize any quantitative measures to monitor its capital, but rather relies on the expertise of the Company's management to ensure the continuity of the business. Management reviews its capital management approach on an ongoing basis.

The Company is not subject to externally imposed capital requirements as at December 31, 2021.

**COPLAND ROAD CAPITAL CORPORATION (formerly Nabis Holdings Inc.)**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years ended December 31, 2021 and 2020

*(Expressed in Canadian dollars, unless otherwise noted)***20. Financial Risk Management and Capital Management (continued)*****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 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 Company did not hold any marketable securities as at December 31, 2021 (note 8).

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

**21. Contingency**

In November 2019, a litigation was commenced against the Company pertaining to certain consulting service arrangements for consideration of up to US \$616,000. In connection with the implementation of the Proposal on January 26, 2021, this claim was settled for the consideration in the form of Senior Unsecured Notes in the amount of \$145,245 and the issuance of 23,429 successor common shares.

**22. 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, 2021		December 31, 2020	
Net income (loss) for the period before tax	\$	20,858,094	\$	(18,372,926)
Statutory tax rate		27%		27%
Expected income tax recovery		5,632,000		(4,961,000)
Non-deductible expenses and non-taxable income		(5,903,000)		2,380,051
Increase in unrecognized tax assets		271,000		2,854,000
Income tax expense	\$	-	\$	273,051

**COPLAND ROAD CAPITAL CORPORATION (formerly Nabis Holdings Inc.)**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years ended December 31, 2021 and 2020

*(Expressed in Canadian dollars, unless otherwise noted)***22. Income Taxes (continued)**

The Company has the following deferred tax assets and liabilities:

	December 31, 2021	December 31, 2020
<b>Deferred tax assets</b>		
Share issuance costs	\$ 533,000	\$ 778,000
Allowable capital costs	103,000	103,000
Property and equipment	-	296,000
Non-capital losses	8,003,000	7,191,000
	<b>8,639,000</b>	8,368,000
<b>Deferred tax liabilities</b>		
Marketable securities	-	-
Net deferred tax assets	8,639,000	8,368,000
Unrecognized deferred tax assets	<b>(8,639,000)</b>	<b>(8,368,000)</b>
	\$ -	\$ -

As at December 31, 2021, the Company has approximately \$26,528,000 (December 31, 2020 - \$22,425,000) of non-capital losses in Canada and non-capital losses of approximately \$nil (December 31, 2020 - \$1,099,000) in US which can be carried forward to offset future taxable income.

**23. Subsequent Event**

The following subsidiaries have been dissolved and withdrawn subsequent to December 31, 2021:

Subsidiary	Control	Location	Status
Nabis Technologies Corp.	100%	Canada	Dissolved in January 2022
Be In Synergy Inc.	100%	Canada	Dissolved in January 2022
Abis Biopharma Corporation	100%	Canada	Dissolved in January 2022
Nabis (CAN) Holdings Corp	100%	Canada	Dissolved in January 2022
Nabis (US) Corp.	100%	USA	Dissolved in January 2022
Nabis Holdings California Inc.	100%	USA	Dissolved in January 2022
Nabis Holdings Washington, LLC	100%	USA	Dissolved in January 2022