

**FORM 51-102F3
MATERIAL CHANGE REPORT**

1. **Name and Address of Company**

Acreage Holdings, Inc. (the “**Company**” or “**Acreage**”)

2. **Date of Material Change**

June 3, 2024, June 5, 2024 and June 6, 2024.

3. **News Release**

Press releases disclosing the material changes were issued on each of June 4, 2024, June 5, 2024 and June 6, 2024, through the facilities of Globe Newswire.

4. **Summary of Material Change**

On June 3, 2024, a series of corporate events and actions took place, being (i) the exercise of the call option (the “**Fixed Share Call Option**”) to acquire (the “**Fixed Share Acquisition**”) all of the issued and outstanding Class E subordinate voting shares of the Company (each, a “**Fixed Share**”) in accordance with the arrangement agreement between Acreage and Canopy Growth Corporation (“**Canopy Growth**”) dated April 18, 2019, as amended (the “**Fixed Share Arrangement Agreement**”), and (ii) the execution of an amended and restated credit agreement (the “**A&R Credit Agreement**”) with a new syndicate of lenders, including 11065220 Canada Inc. (the “**Optionor**”), a wholly-owned subsidiary of Canopy Growth.

On June 5, 2024, the Company entered into subscription agreements with certain institutional investors (each, an “**Investor**”) to issue units (the “**Units**”) by way of a brokered private placement at a price of US\$833.33 per Unit, for gross proceeds to the Company of US\$10 million (the “**Private Placement**”). The Private Placement closed on June 6, 2024.

5.1 **Full Description of Material Change**

A&R Credit Agreement

As previously disclosed, the Company as parent, High Street Capital Partners, LLC (“**HSCP**”), as borrower, the other loan parties thereto from time to time, the lenders party thereto from time to time, AFC Agent LLC (“**AFC Agent**” and together with the AFC Lenders, as defined below, the “**AFC Parties**”) and VRT Agent LLC (“**VRT Agent**” and together with VRT, as defined below, the “**VRT Parties**”), are parties to a credit agreement, dated as of December 16, 2021, as amended on October 24, 2022 and April 28, 2023 (the “**Existing Acreage Credit Agreement**”).

The Optionor, AFC Gamma, Inc. (“**AFCG**”), AFC Institutional Fund LLC (“**AFCI**” and together with AFCG, the “**AFC Lenders**”) and Viridescent Realty Trust, Inc. (“**VRT**” and together with the AFC Lenders, the “**Acreage Lenders**”) are parties to an option agreement, dated November 15, 2022 (the “**Option Agreement**”), whereby the Optionor has the right to acquire all of the interests of the Acreage Lenders under the Existing Acreage Credit Agreement. Pursuant to the Option Agreement, the Optionor previously deposited US\$28.5 million (the “**Option Premium**”) into an interest-bearing escrow account.

On June 3, 2024, the Optionor entered into an assignment and acceptance agreement (the “**AFC Assignment Agreement**”) with the AFC Parties in order to acquire all of the AFC Parties’ rights in and interest to all obligations owing to the AFC Parties pursuant to the Existing Acreage Credit Agreement in an aggregate amount equal to approximately US\$99.8 million (the “**AFC Obligations**”). As consideration for the acquisition of the AFC Obligations by the Optionor, pursuant to a direction by, among others, the Optionor, the AFC Parties and the VRT Parties, the Optionor and the VRT Parties agreed to release the Option Premium, plus all accrued interest thereon, to the AFC Parties and the Optionor made a cash payment of approximately US\$69.8 million to the AFC Parties.

On June 3, 2024, the Optionor also entered into a commitment letter (the “**Commitment Letter**”) with VRT. Pursuant to the terms of the Commitment Letter, VRT agreed, among other things, to (i) retain its interest in the Existing Acreage Credit Agreement, (ii) capitalize certain overdue amounts, including interest, owing pursuant to the Existing Acreage Credit Agreement, (iii) release the Option Premium, plus all accrued interest thereon, to the AFC Parties, and (iv) become the sole agent under the A&R Credit Agreement.

On June 3, 2024, the Company, HSCP, as borrower, the Optionor, VRT Agent and the loan parties thereto from time to time, entered into the A&R Credit Agreement. The A&R Credit Agreement will continue to bear interest at a variable rate of U.S. prime (“**Prime**”) plus 5.75% per annum, payable monthly in arrears, with a Prime floor of 5.50%, and a maturity date of January 1, 2026. Interest under the A&R Credit Agreement will be payable in cash or in kind, at the Company’s election, through November 30, 2024.

The foregoing summary of the A&R Credit Agreement does not purport to be complete and is qualified in its entirety by reference to the A&R Credit Agreement, a copy of which has been filed on the Company’s SEDAR+ profile at www.sedarplus.ca and with the Securities and Exchange Commission (the “**SEC**”) and available on EDGAR at www.sec.gov/edgar.

Private Placement

On June 5, 2024, Acreage entered into subscription agreements with certain Investors, pursuant to which the Company agreed sell to the Investors 12,000 Units at a price of US\$833.33 per Unit, for gross proceeds to the Company of US\$10 million. The Private Placement closed on June 6, 2024 (the “**Closing Date**”). After the payment of the fees payable to the placement agents and estimated offering expenses payable by the Company in connection with the Private Placement, the Company received net proceeds of approximately \$9.2 million. The net proceeds from the Private Placement were deposited into a segregated account and the Company intends to use the net proceeds for general corporate purposes.

Each Unit consists of: (i) US\$1,000 principal amount of non-recourse unsecured convertible notes (the “**Notes**”), reflecting a 16.67% original issue discount, convertible into that number of Fixed Shares (such Fixed Shares issuable upon conversion of the Notes, the “**Underlying Note Shares**”) at the Conversion Price (as defined below); and (ii) Fixed Share purchase warrants (the “**Warrants**”), with each Warrant exercisable to acquire one Fixed Share at the Exercise Price (as defined below) (such Fixed Shares issuable upon exercise of the Warrants, the “**Underlying Warrant Shares**”, and the Underlying Warrant Shares together with the Underlying Notes Shares, the “**Underlying Shares**”) at any time and from time to time after the date that Canopy Growth or Canopy USA, LLC (“**Canopy USA**”), as the case may be, acquires all of the issued and outstanding Fixed Shares in accordance with the Fixed Share Arrangement (as defined below) on or before June 5, 2029. The number of Warrants to be issued to each Investor shall be the quotient obtained by dividing the aggregate US\$10 million subscription amount of the Units by the Exercise Price.

The Notes will not bear interest.

The “**Conversion Price**” of the Notes is the price per Fixed Share determined by multiplying (i) the Exchange Ratio (as such term is defined in Fixed Share Arrangement Agreement) as the same shall be adjusted in accordance with the terms of the Fixed Share Arrangement Agreement by (ii) the Fair Market Value (as such term is defined in the Fixed Share Arrangement Agreement) of the common shares of Canopy Growth (the “**Canopy Shares**”) on the business day prior to the closing of the Fixed Share Acquisition after giving effect to the conversion of the Notes and the determination of the number of Warrants issued in the Private Placement. The Conversion Price shall be determined at the closing of the Fixed Share Acquisition.

The “**Exercise Price**” of the Warrants shall equal the Conversion Price; provided, however, that in the event that the Put Right (as defined below) is exercised, the Exercise Price shall be not less than US\$0.375.

In connection with the Private Placement, each Investor entered into a put agreement with Canopy USA, pursuant to which such Investor has the right (the “**Put Right**”) to require Canopy USA to purchase the Notes and the Warrants subscribed for by it under the Private Placement if (i) the Fixed Share Acquisition is not completed before the date that is 15 months from the Closing Date (the “**Maturity Date**”), (ii) if the

Fixed Share Acquisition is terminated at any time prior to the Maturity Date, or (iii) if the Company is subject to an insolvency event.

If the Acquisitions (as defined below) are completed before the Maturity Date: (i) each Note will be automatically converted immediately prior to the completion of the Fixed Share Acquisition at the Conversion Price; and (ii) each Warrant shall be exercisable for such number of Canopy Shares as the holder thereof would have been entitled to receive in accordance with the terms of the Fixed Share Arrangement Agreement had the holder exercised the Warrants prior to the closing of the Fixed Share Acquisition. If the Fixed Share Acquisition is not completed by the Maturity Date and, provided that the Put Right has been exercised, the outstanding Notes shall thereafter only represent an unsecured payment obligation of the principal amount thereof by Company in favor of Canopy USA.

While the number of Fixed Shares issuable upon conversion or exercise, as applicable, of the Notes and the Warrants remains unknown at this time, the completion of the Private Placement is expected to result in significant dilution of the Fixed Shares, particularly given that the Conversion Price of the Notes is based on the Exchange Ratio, which will be adjusted pursuant to the Fixed Share Arrangement Agreement for issuances in excess of the Purchaser Approved Share Threshold (as such term is defined in the Fixed Share Arrangement Agreement). The Private Placement is expected to result in the issuance of Fixed Shares under the Notes, and Warrants exercisable to acquire Fixed Shares, at the time of closing the Fixed Share Arrangement (as defined below), well in excess of the Purchaser Approved Share Threshold, with the effect that the Exchange Ratio will be significantly reduced. The Exchange Ratio reduction is expected to have a material and adverse effect on the number of Canopy Shares that holders of Fixed Shares could receive pursuant to the Fixed Share Arrangement Agreement and may have a material and adverse effect on the value of the Fixed Shares.

The following table below sets forth the potential Exchange Ratio based on a range of Canopy Share prices during the previous 52-week period after giving effect to the Private Placement:

Canopy Share Price (US\$)	Fixed Share Exchange Ratio
US\$5.00	≈ 0.00000
US\$6.00	0.00190
US\$7.00	0.00656
US\$8.00	0.01005
US\$9.00	0.01277
US\$10.00	0.01494
US\$11.00	0.01672
US\$12.00	0.01821
US\$13.00	0.01946
US\$14.00	0.02054
US\$15.00	0.02147
US\$16.00	0.02228
US\$17.00	0.02300
US\$18.00	0.02364
US\$19.00	0.02421

While the above chart shows indicative potential adjustment to the Fixed Share Exchange Ratio at the closing of the Fixed Share Acquisition (based on the number of Fixed Shares and securities convertible into or exercisable to acquire Fixed Shares, as of the date hereof), it assumes there have been no further actions taken by the Company to address the potential significant dilution and related impact on the Exchange Ratio.

Furthermore, as a result of the potential significant dilution of the Fixed Shares as described above, the Private Placement may result in the creation of a new Control Person (as defined in the policies of the Canadian Securities Exchange (“CSE”)), and, as a result, the Private Placement may be deemed to have Materially Affected Control (as defined in the policies of the CSE) of the Company. The Conversion Price of the Notes may also be lower than the market price of the Fixed Shares at such time less the Maximum Permitted Discount (as defined in the policies of the CSE). The Exercise Price of the Warrants may also be lower than the market price of the Fixed Shares as of the date hereof. The Company confirms that it has been granted approval by the CSE to avoid seeking securityholder approval for the Private Placement and

the potential creation of a new Control Person in reliance on the exceptions outlined in section 4.6(2)(b) of CSE Policy 4, as the Company is in serious financial difficulty. No related person of the Company participated in the Private Placement.

The Notes, the Warrants and the Underlying Shares have not been, and will not be, registered under the Securities Act of 1933, as amended (the “**Securities Act**”) or the securities laws of any other jurisdiction. The Notes, the Warrants and the Underlying Shares may not be offered or sold in the United States absent registration or an applicable exemption from registration under the Securities Act and any applicable state securities laws. The Notes, the Warrants and the Underlying Shares were offered and sold to the Investors in transactions exempt from registration under the Securities Act in reliance on Section 4(a)(2) thereof and Rule 506(b) of Regulation D thereunder. The Investors are each an “accredited investor” as defined in Regulation D, and acquired the Notes and the Warrants, and will acquire the Underlying Shares, for investment purposes only, and not with a view towards, or for resale in connection with, the public sale or distribution thereof.

This Material Change Report does not constitute an offer to sell any security, including the Notes, the Warrants or any Underlying Shares, nor a solicitation for an offer to purchase any security, including the Notes, the Warrants or any Underlying Shares, nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration, qualifications, or exemption under the securities laws of any such jurisdiction.

Fixed Share Call Option Exercise Notice

Acreage and Canopy Growth implemented the plan of arrangement set forth in the Fixed Share Arrangement Agreement on September 23, 2020 (the “**Fixed Share Arrangement**”) pursuant to which, among other things, Canopy Growth acquired the Fixed Share Call Option to complete the Fixed Share Acquisition, the completion of which remains subject to certain closing conditions, including, among other things, the satisfaction or waiver of the Purchaser Acquisition Closing Conditions (as defined in the Fixed Share Arrangement Agreement).

Acreage, Canopy Growth and Canopy USA are also parties to an arrangement agreement, dated October 24, 2022, as amended on March 17, 2023, May 31, 2023, August 31, 2023, October 31, 2023, December 29, 2023, March 29, 2024, April 25, 2024 and May 8, 2024 (the “**Floating Share Arrangement Agreement**”), pursuant to which Canopy USA has agreed to acquire all of the issued and outstanding Class D subordinate voting shares of Acreage (the “**Floating Shares**”) pursuant to a plan of arrangement set out in the Floating Share Arrangement Agreement (the “**Floating Share Arrangement**”). The completion of the Floating Share Arrangement (the “**Floating Share Acquisition**”) and together with the Fixed Share Acquisition, the “**Acquisitions**”) is subject to certain closing conditions, including, among other things, the satisfaction or waiver of the closing conditions contained in the Fixed Share Arrangement Agreement.

On June 3, 2024, the Fixed Share Call Option was exercised in accordance with the terms of the Fixed Share Arrangement Agreement. Upon closing of the Acquisitions, Canopy USA will own 100% of the Fixed Shares and Floating Shares and in connection therewith, Acreage would become a wholly owned subsidiary of Canopy USA. Closing of the Acquisitions remain subject to all of the closing conditions set forth in the Fixed Share Arrangement Agreement and the Floating Share Arrangement Agreement. There can be no certainty, nor can the Company provide any assurance, that all conditions precedent will be satisfied or waived, which may result in the Acquisitions not being completed.

5.2 Disclosure for Restructuring Transactions

Not applicable.

6. Reliance on subsection 7.1(2) of National Instrument 51-102

The Material Change Report is not being filed on a confidential basis.

7. Omitted Information

No significant facts have been omitted from this Material Change Report.

8. **Executive Officer**

The following senior officer of Acreage is knowledgeable about the material changes and the Material Change Report, and may be contacted by as follows:

Philip Himmelstein, Interim Chief Financial Officer
Telephone: 646-600-9181

9. **Date of Report**

This Material Change Report is dated June 13, 2024.

Cautionary Statement Regarding Forward-Looking Information

This news release and each of the documents referred to herein contains “forward-looking information” and “forward-looking statements” within the meaning of applicable Canadian and United States securities legislation, respectively. All statements, other than statements of historical fact, included herein are forward-looking information, including, without limitation, the expected benefits resulting from the A&R Credit Agreement, the use of proceeds from the Private Placement, the Conversion Price or the Exercise Price, the number of Fixed Shares to be issued upon conversion of the Notes, the number of Warrants or Fixed Shares issuable upon exercise thereof, the conversion of the Notes and Warrants based on the timing of the completion of the Acquisitions, the dilutive effect of the Private Placement on the Fixed Shares, the Company taking steps to mitigate dilution prior to the Acquisitions closing, amendments to the Exchange Ratio, the ability of the Company to remain solvent, the creation of a new Control Person, the satisfaction of the conditions set forth in the Fixed Share Arrangement Agreement and Floating Share Arrangement Agreement, including receipt of required regulatory approvals, the closing of the Acquisitions, the exercise of the Put Right, the ability of management to secured alternative financing arrangements, and the ability of the Company to continue as a going concern. Often, but not always, forward-looking statements and information can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “estimates”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements or information involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of Acreage or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements or information contained in this news release.

Risks, uncertainties and other factors involved with forward-looking information could cause actual events, results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking information, including, but not limited to: the occurrence of changes in U.S. federal laws regarding the cultivation, distribution or possession of marijuana; the ability of the parties to satisfy, in a timely manner, the other conditions to the completion of the Floating Share Arrangement Agreement; the ability of Canopy Growth, Canopy USA and Acreage to satisfy, in a timely manner, the closing conditions to the Floating Share Arrangement; risks relating to the value and liquidity of the Floating Shares and the common shares of Canopy Growth; Canopy Growth maintaining compliance with the Nasdaq and Toronto Stock Exchange listing requirements; the rights of the holders of Floating Shares may differ materially from those of shareholders in Canopy Growth; expectations regarding future investment, growth and expansion of Acreage’s operations; the possibility of adverse U.S. or Canadian tax consequences upon completion of the Floating Share Arrangement; if Canopy USA acquires the Fixed Shares pursuant to the Fixed Share Arrangement Agreement without structural amendments to Canopy Growth’s interest in Canopy USA, the listing of the Canopy Shares on the Nasdaq may be jeopardized; the risk of a change of control of either Canopy Growth or Canopy USA; restrictions on Acreage’s ability to pursue certain business opportunities and other restrictions on Acreage’s business; the impact of material non-recurring expenses in connection with the Floating Share Arrangement on Acreage’s future results of operations, cash flows and financial condition; the possibility of securities class action or derivatives lawsuits; in the event that the Floating Share Arrangement is not completed, but the Fixed Share Acquisition is completed and Canopy Growth becomes the majority shareholder in Acreage, the likelihood that the holders of Floating Shares will have little or no influence on the conduct of Acreage’s business and affairs; risk of situations in which the interests of Canopy USA and the interests of Acreage or shareholders of Canopy Growth may differ; Acreage’s compliance with Acreage’s business plan for the fiscal years ending December 31, 2020 through December 31, 2029 pursuant to the Fixed Share Arrangement Agreement; in the event that the Floating Share Arrangement is completed, the likelihood of Canopy Growth completing the

Fixed Share Acquisition in accordance with the Fixed Share Arrangement Agreement; there is no certainty on the Exchange Ratio and, depending on timing of closing of the Acquisitions, if at all, and the potential for dilution in respect of the Private Placement, there may be further diminution of the Exchange Ratio, which will result in fewer Canopy Shares being received upon completion of the Acquisition (see “*Risk Factors - Risks Related to the Acquisition - Risks Associated with a Fixed Exchange Ratio*” and “*Risk Factors - Risks Related to the Acquisition - The Exchange Ratio may be decreased in certain instances*” in the Company’s Management Information Circular dated May 17, 2019); risks relating to certain directors and executive officers of Acreage having interests in the transactions contemplated by the Floating Share Arrangement Agreement and the connected transactions that are different from those of the holders of Floating Shares; other expectations and assumptions concerning the transactions contemplated between Canopy Growth, Canopy USA and Acreage; the available funds of Acreage and the anticipated use of such funds; the availability of financing opportunities for Acreage and Canopy USA and the risks associated with the completion thereof; regulatory and licensing risks; the ability of Canopy Growth, Canopy USA and Acreage to leverage each other’s respective capabilities and resources; changes in general economic, business and political conditions, including changes in the financial and stock markets; risks relating to infectious diseases, including the impacts of the COVID-19; legal and regulatory risks inherent in the cannabis industry, including the global regulatory landscape and enforcement related to cannabis, political risks and risks relating to regulatory change; risks relating to anti-money laundering laws; compliance with extensive government regulation and the interpretation of various laws regulations and policies; public opinion and perception of the cannabis industry; and such other risks disclosed in the Company’s Management Information Circular dated August 17, 2020, the Company’s Annual Report on Form 10-K for the year ended December 31, 2023, as amended, and the Company’s other public filings, in each case filed with the SEC on the EDGAR website at www.sec.gov and with Canadian securities regulators and available under Acreage’s profile on SEDAR+ at www.sedarplus.ca. Although Acreage has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended.

Although Acreage believes that the assumptions and factors used in preparing the forward-looking information or forward-looking statements in this news release are reasonable, undue reliance should not be placed on such information and no assurance can be given that such events will occur in the disclosed time frames or at all. The forward-looking information and forward-looking statements included in this news release are made as of the date of this news release and Acreage does not undertake any obligation to publicly update such forward-looking information or forward-looking statements to reflect new information, subsequent events or otherwise unless required by applicable securities laws.