NOTICE OF SPECIAL MEETING

AND

MANAGEMENT INFORMATION CIRCULAR

FOR THE

SPECIAL MEETING OF SHAREHOLDERS

OF

HARBORSIDE INC.

TO BE HELD ON FEBRUARY 22, 2022

DATED AS OF JANUARY 18, 2022

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LETTER TO HARBORSIDE SHAREHOLDERS

January 18, 2022

Dear Harborside Shareholders,

The board of directors of Harborside Inc. ("**Harborside**" or the "**Corporation**") invites you to attend the special meeting (the "**Harborside Meeting**") of the holders of subordinate voting shares ("**Subordinate Voting Shares**") and multiple voting shares ("**Multiple Voting Shares**" and together with the Subordinate Voting Shares, the "**Harborside Shares**") of Harborside to be held in a virtual-only format on February 22, 2022 at 11:00 a.m. (Toronto time). At the Harborside Meeting, you will be asked to consider, among other things a resolution (the "**Share Issuance Resolution**") regarding the issuance of Subordinate Voting Shares with the proposed acquisition (the "**Mergers**") of all the outstanding common stock of LPF JV Corporation ("**Loudpack**") and UL Holdings Inc. ("**Urbn Leaf**"), resulting in the creation of one of the largest and most vertically-integrated cannabis platforms in the State of California, to be renamed "StateHouse Holdings Inc." ("**StateHouse**").

Management believes that the Mergers will create a platform with industry-leading retail, brands, processing, manufacturing, distribution and cultivation capabilities that is well positioned to consolidate the California cannabis industry and drive significant future growth. California is one of the world's largest legal cannabis markets, with sales expected to reach US$7.4 billion by 2025[1]. StateHouse will have the ability to compete and be successful by navigating the operating challenges in the state and capitalizing on the combined potential of the businesses it is acquiring.

Through the first nine months of 2021, Harborside, on a pro-forma basis, including revenue of Sublimation Inc. for those nine months, had gross revenue of US$57.8 million[2], while Urbn Leaf and Loudpack had revenue of US$45.9 million and US$61.4 million, respectively, for the same period. Therefore, on a pro-forma basis combining the revenue of all three entities for this period. management of Harborside estimates that the StateHouse entity to be formed would have generated gross revenue of approximately US$165 million for the first nine months of 2021, which excludes any potential synergies or benefits that are expected to arise once the Mergers are completed.

Upon completion of the Mergers, StateHouse is expected to have up to 15 retail locations[3], representing the number two retail platform in California under one unified retail brand, top-ranked brands in the pre-roll, edible and flower segments and a deep roster of products at a variety of price points to create a wide range of appeal to all customer types.

Consolidating the cannabis sector in California is also expected to provide StateHouse with significant value creation opportunities through synergies and other business improvement initiatives. StateHouse expects to have a cultivation platform that can be scaled to meet its production needs and limit its reliance on the wholesale market, with additional near-term expansion capacity of more than 100,000 square feet of canopy.

StateHouse will be led by a combined board and management team of experienced business leaders, bringing together the proven cultures, strengths and capabilities of all three companies. The proposed

[1] ArcView 8th Edition estimate.

[2] Certain financial information included is unaudited. Where possible, the information has been prepared by management from available audited financial statements. Where no audited information has been available, additional management accounting information has been utilized to prepare financial information. Financial statements have not been prepared in accordance with the same standards. Harborside and Loudpack prepare their financial statements in accordance with International Financial Reporting Standards. Urbn Leaf prepares its financial statements in accordance with Generally Accepted Accounting Principles (GAAP) in the United States. Sublimation Inc. for the period prior to acquisition by Harborside on July 2, 2021 prepared their financial statements in accordance with Generally Accepted Accounting Principles (GAAP) in the United States. Readers are cautioned not to place undue reliance on such information.

[3] Includes retail locations expected to open in the next twelve months.

CEO of StateHouse, Ed Schmults, has more than 30 years of experience leading world-class brands, including Patagonia and FAO Schwarz.

Details of the Mergers, each of which will proceed by way of a plan of merger and reorganization under Delaware General Corporation Law, and of the issuance of Subordinate Voting Shares in connection with the Mergers, are described in more detail in the accompanying Notice of Special Meeting of Shareholders and Management Information Circular.

Recommendation of the Harborside Board

The Harborside Board of Directors (the "**Harborside Board**"), having undertaken a thorough review of, and having carefully considered the terms of each of the Mergers, and after consulting with its financial and legal advisors, including having received and taken into account the fairness opinions received from PI Financial Corp. and such other matters as it considered necessary and relevant, including the factors set out in the Circular under the heading "*The Mergers – Reasons for the Recommendation of the Harborside Board*", has unanimously determined that the Mergers are in the best interests of Harborside.

Accordingly, the Harborside Board unanimously recommends that you vote <u>FOR</u> the Share Issuance Resolution.

YOUR VOTE IS IMPORTANT REGARDLESS OF THE NUMBER OF HARBORSIDE SHARES YOU OWN.

Whether or not you expect to attend the Harborside Meeting, we encourage you to take the time to complete, sign, date and return the enclosed form of proxy or voting instruction form, as applicable, in accordance with the instructions set out therein so that your Shares can be voted at the Harborside Meeting. See "*General Proxy Information*" of the Circular for more information.

Proxies must be submitted in accordance with the instructions set out on the applicable form of proxy no later than 11:00 a.m. (Toronto time) on February 17, 2022 or on the day other than a Saturday, Sunday or statutory or civic holiday which is at least 48 hours prior to any adjourned or postponed Harborside Meeting. A completed voting instruction form should be deposited in accordance with the instructions printed on the form. The deadline for depositing proxies may be waived or extended by the Chair of the Harborside Meeting at their discretion, without notice.

If you have any questions or need additional information, you should consult your financial, legal, tax or other professional advisor.

On behalf of the Harborside Board, I would like to express our gratitude for the support our shareholders have demonstrated with respect to our decision to undertake these transactions. We believe that this opportunity will be transformative for Harborside shareholders and will result in the creation of a leading California cannabis platform for years to come.

Yours very truly,

(Signed) "*Matthew Hawkins*"

Matthew Hawkins
Interim Chief Executive Officer and Chairman
Harborside Inc.

HARBORSIDE INC.

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that a special meeting (the "**Harborside Meeting**") of holders (the "**Subordinate Shareholders**") of subordinate voting shares (the "**Subordinate Voting Shares**") and holders (the "**Multiple Shareholders**" and collectively with the Subordinate Shareholders, the "**Harborside Shareholders**") of multiple voting shares ("**Multiple Voting Shares**", and collectively with the Subordinate Voting Shares, the "**Harborside Shares**") of Harborside Inc. ("**Harborside**") will be held virtually at 11:00 a.m. (Toronto time) on February 22, 2022 via live webcast at http://web.lumiagm.com/256406441, for the following purposes:

1. to consider and, if thought advisable, to pass, with or without variation, an ordinary resolution (the "**Share Issuance Resolution**"), the full text of which is included in "Appendix A – *Share Issuance Resolution*" attached to the accompanying management information circular (the "**Circular**") authorizing the issuance by Harborside of such number of Subordinate Voting Shares as is necessary to allow Harborside to acquire (a) 100% of the equity interests of LPF JV Corporation ("**Loudpack**") pursuant to an agreement and plan of merger and reorganization involving, among others, Harborside and Loudpack (the "**Loudpack Merger**"); and (b) 100% of the equity interests of UL Holdings Inc. ("**Urbn Leaf**") pursuant to an agreement and plan of merger and reorganization involving, among others, Harborside and Urbn Leaf (the "**Urbn Leaf Merger**" and together with the Loudpack Merger, the "**Mergers**").

2. to consider and, if thought advisable, to pass, with or without variation, a special resolution (the "**Name Change Resolution**"), the full text of which is included in "Appendix B – *Name Change Resolution*" attached to the accompanying Circular, approving an amendment to the articles of Harborside to change the name of Harborside to "StateHouse Holdings Inc.", subject to regulatory approval;

3. to consider and, if thought advisable, to pass, with or without variation, a special resolution (the "**Consolidation Resolution**"), the full text of which is included in "Appendix C – *Consolidation Resolution*" attached to the accompanying Circular, approving the consolidation (the "**Consolidation**") of all of the issued and outstanding Subordinate Voting Shares and Multiple Voting Shares on the basis of a Consolidation ratio to be selected by the board of directors of Harborside in its discretion, provided that the Consolidation ratio will be no greater than one post-Consolidation Subordinate Voting Share and post-Consolidation Multiple Voting Share, as applicable, for every six pre-Consolidation Subordinate Voting Shares and pre-Consolidation Multiple Voting Shares, as applicable;

4. to elect, conditional upon the completion of the Mergers: (a) Matthew Hawkins; (b) Edward Schmults; (c) Marc Ravner; (d) Kevin Albert; (e) Tiffany Liff; (f) Jonathon Roy Pottle; and (g) James Scott to serve on the board of directors (the "**Harborside Board**") until the close of the next annual meeting of the Harborside Shareholders or until their successors are appointed or elected (the "**Combined Company Board Resolution**");

5. to consider and, if thought advisable, to pass, with or without variation, an ordinary resolution (the "**SRP Resolution**"), the full text of which is included in "Appendix D – *Shareholder Rights Plan Resolution*" attached to the accompanying Circular, amending and reconfirming the Harborside shareholder rights plan;

6. to consider and, if thought advisable, to pass, with or without variation, a special resolution (the "**Articles Alteration Resolution**"), the full text of which is included in "Appendix E – *Articles Alteration Resolution*" attached to the accompanying Circular, authorizing certain amendments to the articles of Harborside, including the removal of certain restrictions relating to the conversion of Multiple Voting Shares to Subordinate Voting Shares;

7. to consider and, if thought advisable, to pass, with or without variation, an ordinary resolution (the "**Equity Incentive Plan Amendment Resolution**"), the full text of which is included in "Appendix F – *Equity Incentive Plan Amendment Resolution*" attached to the accompanying Circular to approve an amendment to Harborside's equity incentive plan (the "**Equity Incentive Plan**") to increase the maximum number of Subordinate Voting Shares which may be allocated for issuance pursuant to the Incentive Stock Options (as defined in the accompanying Circular) to up to 23,355,026 Subordinate Voting Shares or such lesser amount determined by the Harborside Board; and

8. to consider and, if thought, advisable, to pass, with or without variation, an ordinary resolution (the "**By-law Amendment Resolution**"), the full text of which is included in "Appendix G – *By-law Amendment Resolution*" attached to the accompanying Circular, approving, confirming and ratifying the amendments to the By-law No. 2 of Harborside, including the removal of the Canadian residency requirement of directors of Harborside; and

9. to transact such further and other business as may properly be brought before the Harborside Meeting (or if the Harborside Meeting is adjourned or postponed, any reconvened Meeting).

Specific details of the matters to be put before the Harborside Meeting are set forth in the accompanying Circular. In order to be effective: (a) the Share Issuance Resolution, the Equity Incentive Plan Amendment Resolution and the By-law Amendment Resolution must each be approved by the affirmative vote of at least a simple majority of the votes cast by Harborside Shareholders present virtually or represented by proxy and entitled to vote at the Harborside Meeting; (b) the Combined Company Board Resolution must be approved by Harborside Shareholders present virtually or represented by proxy and entitled to vote at the Harborside Meeting; (c) the Name Change Resolution, the Consolidation Resolution and the Articles Alteration Resolution must each be approved by the affirmative vote of at least two-thirds of the votes cast by Harborside Shareholders present virtually or represented by proxy and entitled to vote at the Harborside Meeting; and (d) the SRP Resolution must be approved by the affirmative vote of at least a simple majority of the votes cast by Subordinate Shareholders present virtually or represented by proxy and entitled to vote at the Harborside Meeting.

Each Subordinate Shareholder is entitled to one vote for each Subordinate Voting Share held by such holder as of the close of business on the Record Date (as defined herein) and each Multiple Shareholder is entitled to 100 votes for each Multiple Voting Share held by such holder as of the close of business on the Record Date.

It is a condition to the completion of each of the Loudpack Merger and the Urbn Leaf Merger that the Share Issuance Resolution be approved by the requisite majority at the Harborside Meeting. If the Share Issuance Resolution is not approved, the Mergers will not be completed. It is a condition to the completion of the Loudpack Merger that the SRP Resolution be approved by the requisite majority at the Harborside Meeting. If the Subordinate Shareholders fail to approve the SRP Resolution, Harborside may elect not to proceed with the Loudpack Merger in its sole discretion. Neither the Loudpack Merger nor the Urbn Leaf Merger is conditional on the approval of the Name Change Resolution, the Consolidation Resolution, the Combined Company Board Resolution, the Articles Alteration Resolution, the By-law Amendment Resolution or the Equity Incentive Plan Amendment Resolution. Should the Harborside Shareholders fail to approve the Name Change Resolution, the Consolidation Resolution, the Combined Company Board Resolution, the Articles Alteration Resolution, the By-law Amendment Resolution or the Equity Incentive Plan Amendment Resolution by the requisite majority, the Mergers may still be completed.

The Harborside Board unanimously recommends that Harborside Shareholders vote **FOR** the Share Issuance Resolution, the Name Change Resolution, the Consolidation Resolution, the Combined Company Board Resolution, the Articles Alteration Resolution, the By-law Amendment Resolution and the Equity Incentive Plan Amendment Resolution. The Harborside Board also unanimously recommends that Subordinate Shareholders vote **FOR** the SRP Resolution.

The record date for determining the Harborside Shareholders entitled to receive notice of and vote at the Harborside Meeting is the close of business on January 17, 2022 (the "**Record Date**"). Only Harborside Shareholders whose names have been entered in the register of Harborside Shareholders as of the close of business on the Record Date are entitled to receive notice of and to vote at the Harborside Meeting.

Due to restrictions relating to the global COVID-19 pandemic, and to mitigate risks to the health and safety of our communities, Harborside Shareholders, employees and other stakeholders, Harborside is holding the Harborside Meeting as a completely virtual meeting, where all Harborside Shareholders, regardless of geographic location and equity ownership, will have an equal opportunity to participate and engage with Harborside as well as other Harborside Shareholders. Harborside Shareholders will not be able to attend the Harborside Meeting in person.

Registered Harborside Shareholders (being Harborside Shareholders who hold their Harborside Shares directly, registered in their own names) (the "**Registered Shareholders**") and duly appointed proxyholders will be able to virtually attend, participate and vote at the Harborside Meeting online at http://web.lumiagm.com/256406441 using the Harborside Meeting ID: 256406441. For Registered Shareholders, the control number located on the form of proxy or in the e-mail notification you received is the username and the password is "harborside2022" (case sensitive). For duly appointed proxyholders, Odyssey Trust Company will provide the proxyholder with a username after the voting deadline has passed. Non-registered Shareholders (the "**Non-Registered Shareholders**"), being Harborside Shareholders who hold their Harborside Shares through a bank, trust company, broker, dealer, custodian, nominee, administrator of a self-administered plan or other intermediary who have not duly appointed themselves as proxyholder will be able to virtually attend the Harborside Meeting as guests, however they will not be able to participate or vote at the Harborside Meeting.

As a Harborside Shareholder, it is very important that you read the Circular and other Meeting materials carefully; they contain important information with respect to voting your Harborside Shares and virtually attending and participating in the Harborside Meeting.

In order to streamline the virtual meeting process, Harborside requests that all Harborside Shareholders who will not be virtually attending the Harborside Meeting complete, date and sign the enclosed applicable form of proxy (in the return envelope provided for that purpose), or, alternatively, vote over the Internet, in each case in accordance with the instructions set out herein. If you are a Registered Shareholder and are unable to virtually attend the Harborside Meeting, please date and execute the enclosed applicable form of proxy and return it in the envelope provided by Odyssey Trust Company as the registrar and transfer agent for the Harborside Shares, at Odyssey Transfer Inc., Trader's Bank Building, Attn: Proxy Department, 67 Yonge St., Suite 702, Toronto ON M5E 1J8 by no later than 11:00 a.m. (Toronto time) on February 17, 2022 or 48 hours (excluding Saturdays, Sundays and holidays) before any adjournment or postponement of the Harborside Meeting. If you are a Non-Registered Shareholder and receive these materials through your broker or through another intermediary, please complete and return the voting instruction form in accordance with the instructions provided to you by your broker or by the other intermediary.

DATED this 18th day of January, 2022.

BY ORDER OF THE BOARD OF DIRECTORS OF HARBORSIDE INC.

"*Matthew Hawkins*"
Matthew Hawkins
Interim Chief Executive Officer and Chairman

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QUESTIONS AND ANSWERS RELATING TO THE HARBORSIDE MEETING AND THE MERGERS

This Circular is furnished in connection with the solicitation of proxies by or on behalf of management of Harborside for use at the Harborside Meeting, to be held at 11:00 a.m. (Toronto time) on February 22, 2022 via live webcast available online at http://web.lumiagm.com/256406441 for the purposes indicated in the "*Notice of Special Meeting of Shareholders of Harborside*". Capitalized terms used but not otherwise defined in this "*Harborside Shareholders – Questions and Answers"* section have the meanings ascribed thereto under "*Glossary of Terms*" in this Circular.

Your vote is important. The following are key questions that you as a Harborside Shareholder may have regarding the Loudpack Merger and the Urbn Leaf Merger to be considered at the Harborside Meeting. The information contained below is of a summary nature and therefore is not complete and is qualified in its entirety by the more detailed information contained elsewhere in, or incorporated by reference in, this Circular, including the Appendices attached hereto, all of which are important and should be reviewed carefully. You are urged to carefully read the remainder of this Circular as the information in this section does not provide all of the information that might be important to you with respect to the Mergers. Additional important information is also contained in the Appendices attached to, and the documents incorporated by reference in, this Circular.

Questions Relating to the Mergers

Q. What is the proposed transaction?

A. On November 29, 2021 (a) Harborside, Loudpack Merger Subco, Loudpack and the Sole Stockholder entered into the Loudpack Merger Agreement pursuant to which Harborside agreed to acquire all of the equity interests of Loudpack; and (b) Harborside, Urbn Leaf Merger Subco and Urbn Leaf entered into the Urbn Leaf Merger Agreement pursuant to which Harborside agreed to acquire all of the equity interests of Urbn Leaf. The acquisition of Loudpack will be effected by way of a merger between Loudpack and Loudpack Merger Subco in accordance with the requirements of the DGCL and pursuant to the terms of the Loudpack Merger Agreement, and the acquisition of Urbn Leaf will be effected by way of a merger between Urbn Leaf and Urbn Leaf Merger Subco in accordance with the requirements of the CGCL and pursuant to the terms of the Urbn Leaf Merger Agreement. If the Mergers are completed, (a) existing Harborside Shareholders, Loudpack Recipients and Urbn Leaf Shareholders, are expected to beneficially own approximately 35%, 39% and 26% of the Combined Company, respectively, on a non-diluted basis and assuming conversion of all Multiple Voting Shares into Subordinate Voting Shares; and (b) each of Loudpack and Urbn Leaf will become a wholly-owned Subsidiary of Harborside.

Q. What are the reasons for the proposed transaction?

A. In making its recommendations, the Harborside Board reviewed and considered a number of factors relating to the Mergers, including those listed below, with the benefit of advice from its senior management team and financial and legal advisors. The following is a summary of the principal reasons for the recommendations of the Harborside Board:

- **Statewide Retail Presence**. The Combined Company is expected to have 15 retail locations across key urban areas of California, with significant influence and control over shelf space and brand value. This strong retail platform will feature a unified retail banner, leading in-store customer service, ease of accessibility and delivery, and a diversified product offering.

- **Brands with Leading Market Share**. The Combined Company is expected to have a portfolio of leading brands with strong positions in the largest market segments. It will offer a deep roster of products at a variety of price points, creating a wide range of appeal to all customer types.

The Combined Company intends to support its retail customers through strong product selection, effective marketing support and a distribution strategy that reduces channel conflict.

- **Vertical Integration and Outsized Margin Potential.** The Combined Company expects to achieve synergies through full vertical integration, with enhanced control over quality and input costs, production and distribution efficiencies, and access to shelf space. Vertical integration is expected to drive margin expansion at every stage of the value chain from cultivation to retail operations, creating leadership in each segment of the industry.

- **Scaled Cultivation Platform**. The Combined Company is expected to have a cultivation platform that is scaled to meet its production needs and limiting its reliance on the bulk market.

- **Strength in Manufacturing Driving Top-Tier Portfolio of Branded Products.** The Combined Company's leading manufacturing facility is expected to be positioned to continue developing new brands and SKUs to compete in California and expand globally in the future.

- **Rolling up California**. The Combined Company expects to be well-positioned to leverage its scale, reduced cost of capital and extensive management and board-level experience to acquire companies across the value chain, expand its footprint, and build a flagship California cannabis company.

- **Strong Leadership**. In connection with the Mergers, the Combined Company intends to reconstitute its management team and the Harborside Board. The proposed new management team and Harborside Board has deep experience in cannabis retail and cultivation as well as the consumer-packaged goods sector. The proposed CEO of the Combined Company, Ed Schmults, has more than 30 years of experience leading world-class brands including Patagonia and FAO Schwarz. See "Appendix M – *Information Concerning the Combined Company Following Completion of the Mergers – Governance and Management of the Combined Company*".

- **Participation in Future Growth.** Harborside Shareholders will participate in future increases in the value of the Combined Company and the opportunities associated with the Combined Company's cannabis platform. Following completion of the Mergers, existing Harborside Shareholders are expected to beneficially own approximately 35% of the Combined Company on a non-diluted basis and assuming conversion of all Multiple Voting Shares into Subordinate Voting Shares.

- **PI Financial Fairness Opinions.** The PI Financial Loudpack Fairness Opinion provided to the Harborside Board to the effect that, as of November 29, 2021 and based upon the assumptions, limitations and qualifications set out therein, the consideration to be paid by Harborside to the Loudpack Shareholders pursuant to the Loudpack Merger Agreement is fair, from a financial point of view, to Harborside. In addition, the PI Financial Urbn Leaf Fairness Opinion provided to the Harborside Board to the effect that, as of November 29, 2021 and based upon the assumptions, limitations and qualifications set out therein, the consideration to be paid by Harborside to the Urbn Leaf Shareholders pursuant to the Urbn Leaf Merger Agreement is fair, from a financial point of view, to Harborside.

  See "*The Mergers – Reasons for the Recommendation of the Harborside Board*" for further information.

Q. Has the Harborside Board unanimously approved the Mergers?

A. Yes, the Harborside Board, having undertaken a thorough review of, and having carefully considered the terms of each of the Mergers and Merger Agreements, and after consulting with its financial and legal advisors, including having received and taken into account the Fairness Opinions and such other matters as it considered necessary and relevant, including the factors set out below under the heading "*The Mergers – Reasons for the Recommendation of the*

Harborside Board" has unanimously determined that the Mergers are in the best interests of Harborside and has authorized Harborside to enter into the Merger Agreements and all related agreements. Accordingly, the Harborside Board has unanimously approved the Mergers and the entering into by Harborside of the Merger Agreements and unanimously recommends that the Harborside Shareholders vote **FOR** the Share Issuance Resolution.

Q. Who is Loudpack?

A. Loudpack is a leading privately-held cannabis company headquartered in Los Angeles, with a cultivation, manufacturing, processing and distribution footprint across California. A brands-first organization, Loudpack has been built to consistently produce and deliver its high-quality branded product at scale. Sold and self-distributed to retailers statewide in California, Loudpack's house of brands distributed in California include *Kingpen*, *Loudpack*, *Dimebag*, and *Smokiez*.

Additional information with respect to the business and affairs of Loudpack is included in "Appendix K – *Information Concerning Loudpack*" attached to this Circular.

Q. Who is Urbn Leaf?

A. Urbn Leaf is a retailer of cannabis products in California, with seven retail locations across the state and delivery options, as well as a product line that features its own branded products and other top cannabis brands in California.

Additional information with respect to the business and affairs of Urbn Leaf is included in "Appendix L – *Information Concerning Urbn Leaf*" attached to this Circular.

Q. Why is Harborside amending the Shareholder Rights Plan?

A. Harborside is currently evaluating various alternatives to accelerate the growth of its business, including the Mergers described herein, and has determined that certain consequential and ancillary amendments to the Shareholder Rights Plan are necessary to ensure that Harborside has the ability to support its growth, including in circumstances in which existing Harborside Shareholders may choose to participate in financing alternatives and capital raising activities proposed by Harborside. The Harborside Board is of the view that incorporating these amendments will allow Harborside to engage in future transactions that are beneficial to its business and in the best interests of Harborside and the Harborside Shareholders.

See "*Business of the Harborside Meeting – Shareholder Rights Plan Resolution*".

Q. Why is Harborside amending its articles?

A. Harborside is proposing to amend the share provisions governing the Multiple Voting Shares to make it easier for (a) Multiple Shareholders to convert their Multiple Voting Shares to Subordinate Voting Shares; and (b) the Harborside Board to authorize such conversions, among other things. In addition, the Amended and Restated Articles will remove the Beneficial Ownership Limitation, as, in the view of the Harborside Board, such limitation is unnecessary in connection with the management and conversion of the Multiple Voting Shares.

Q. Why is Harborside amending the By-law?

A. Harborside is proposing to amend the By-law in order to remove the Canadian residency requirements for directors of Harborside, which is consistent with and similar to amendments made under the OBCA as of July 5, 2021. Specifically, it is proposed that Section 3.2(c) of the By-law be deleted in its entirety as it imposes a requirement that at least 25% of the Harborside Board be resident Canadians, which is not required under the OBCA.

Q. Does the Harborside Board recommend that I vote FOR the matters to be considered at the Harborside Meeting?

A. Yes, the Harborside Board unanimously recommends that the Harborside Shareholders vote **FOR** the Share Issuance Resolution, the Name Change Resolution, the Consolidation Resolution, each of the Board Nominees, the Articles Alteration Resolution, the By-law Amendment Resolution and the Equity Incentive Plan Amendment Resolution. The Harborside Board also unanimously recommends that the Subordinate Shareholders vote **FOR** the SRP Resolution.

Q. What percentage of the outstanding Combined Company will Harborside Shareholders, Loudpack Recipients and Urbn Leaf Shareholders own, respectively, following completion of the Mergers?

A. Existing Harborside Shareholders, Loudpack Recipients and Urbn Leaf Shareholders, are expected to beneficially own approximately 35%, 39% and 26% of the Combined Company, respectively, on a non-diluted basis and assuming conversion of all Multiple Voting Shares into Subordinate Voting Shares.

Q. If the Mergers are completed, how many Subordinate Voting Shares will be issued at the Effective Time in connection with the Mergers?

A. The Loudpack Merger will result in Harborside acquiring 100% of the equity interests of Loudpack for consideration comprised of, among other things, such number of Subordinate Voting Shares as is equal to the Loudpack Equity Consideration. See "*Transaction Agreements – Loudpack Merger Agreement*". The Urbn Leaf Merger will result in Harborside acquiring 100% of the equity interests of Urbn Leaf for consideration comprised of such number of Subordinate Voting Shares as is equal to the Urbn Leaf Merger Consideration. See "*Transaction Agreements – Urbn Leaf Merger Agreement*". The precise number of Subordinate Voting Shares issuable as consideration pursuant to the Mergers cannot be definitively determined as of the date hereof, and will be calculated based on the Harborside Equity Value, Loudpack Equity Value and Urbn Leaf Equity Value, respectively, calculated immediately prior to the closing of the Mergers in accordance with the terms of the Loudpack Merger Agreement and Urbn Leaf Merger Agreement, respectively. Based on the relative equity values of Harborside, Loudpack and Urbn Leaf as of November 29, 2021, being the date of each of the Loudpack Merger Agreement and Urbn Leaf Merger Agreement, Harborside expects to issue approximately 151,427,786 Subordinate Voting Shares as consideration under the Mergers (prior to giving effect to the proposed Consolidation), comprised of (a) 91,427,786 Subordinate Voting Shares issuable as the Loudpack Equity Consideration; and (b) 60,000,000 Subordinate Voting Shares issuable as Urbn Leaf Merger Consideration, collectively representing approximately 184% of the current issued and outstanding Subordinate Voting Shares, on a non-diluted basis and assuming the conversion of all Multiple Voting Shares into Subordinate Voting Shares. See "*Information Concerning the Combined Company Following Completion of the Mergers – Description of Capital Structure*".

Since the precise number of Subordinate Voting Shares issuable under the Mergers will not be determined until immediately prior to closing of the Mergers, the Share Issuance Resolution, if approved, will permit the issuance of such number of Subordinate Voting Shares as are needed to consummate the transactions contemplated by the Merger Agreements. The full text of the Share Issuance Resolution is included in "Appendix A – *Share Issuance Resolution*" attached to this Circular.

Q. What will Harborside Shareholders receive under the Mergers?

A. Harborside Shareholders will continue to own their existing Harborside Shares following the completion of the Mergers.

Q. What is required for the Mergers to become effective?

A. The obligations of Harborside and Loudpack to consummate the Loudpack Merger and the other transactions contemplated thereby are subject to the satisfaction or waiver of a number of conditions, including, among others: (a) approval of the Share Issuance Resolution by the Harborside Shareholders and the SRP Resolution by Subordinate Shareholders; (b) the approval of the Loudpack Merger by the Sole Stockholder and Voting Members; and (c) the expiry of all waiting periods under the HSR Act and the receipt of all required approvals under applicable Antitrust Laws.

The obligations of Harborside and Urbn Leaf to consummate the Urbn Leaf Merger and the other transactions contemplated thereby are subject to the satisfaction or waiver of a number of conditions, including, among others: (a) approval of the Share Issuance Resolution by the Harborside Shareholders; (b) the approval of the Urbn Leaf Transaction by the Urbn Leaf Shareholders; and (c) the receipt of all required approvals for all Regulatory Licenses

In order to be effective, the Share Issuance Resolution must be approved, with or without variation, by the affirmative vote of at least a simple majority of the votes cast by Harborside Shareholders present virtually or represented by proxy and entitled to vote at the Harborside Meeting. In order to be effective, the SRP Resolution must be approved, with or without variation, by the affirmative vote of at least a simple majority of the votes cast by Subordinate Shareholders present virtually or represented by proxy and entitled to vote at the Harborside Meeting.

Q. When do you expect the Mergers to be completed?

A. If all of the conditions to the Loudpack Merger and Urbn Leaf Merger have been satisfied or waived in accordance with their respective terms, the Loudpack Merger and Urbn Leaf Merger will become effective at the Loudpack Effective Time and Urbn Leaf Effective Time, respectively, which Harborside currently expects to occur in the first half of 2022. However, completion of the Mergers is subject to a number of conditions and it is possible that factors outside of the control of Harborside could result in the Mergers being completed at a later time or not at all.

Q. How will I know when all required approvals have been obtained?

A. Harborside will issue a press release once all the necessary approvals have been received and conditions to the completion of the Mergers have been satisfied or waived, other than conditions that, by their terms, cannot be satisfied until the Loudpack Effective Time and/or Urbn Leaf Effective Time, as the case may be.

Q. Where will the Subordinate Voting Shares of the Combined Company be listed?

A. The Subordinate Voting Shares currently trade on the CSE under the symbol "HBOR" and on the OTCQX under the symbol "HBORF". It is expected that following the completion of the Mergers, the Subordinate Voting Shares (including the Subordinate Voting Shares issuable as consideration under the Mergers and the Subordinate Voting Shares issuable upon exercise of the Consideration Warrants) will remain listed on the CSE. In connection with the Name Change, Harborside has applied to change its stock symbol from "HBOR" to "STHZ".

Completion of the Name Change is subject to the approval of the Name Change Resolution at the Harborside Meeting. In order to be effective, the Name Change Resolution must be approved, with or without variation, by the affirmative vote of at least two-thirds of the votes cast by Harborside Shareholders, present virtually or represented by proxy and entitled to vote at the Harborside Meeting.

Q. Who will be the directors and officers of the Combined Company following completion of the Mergers?

A. Following completion of the Mergers, the Combined Company Board is expected to consist of seven directors, comprised of (a) Matthew Hawkins; (b) Edward Schmults; (c) Marc Ravner; (d) Kevin Albert; (e) Tiffany Liff; (f) Jonathon Roy Pottle; and (g) James Scott**.** See "*Business of the Harborside Meeting – Election of the Board Nominees of the Combined Company*".

The key senior management team of the Combined Company is expected to include: (a) Edward Schmults as Chief Executive Officer; (b) Marc Ravner as President of Integration; (c) Tom DiGiovanni as Chief Financial Officer; (d) Ahmer Iqbal as Chief Operating Officer; (e) Willie Senn as Chief Corporate Development Officer; and (f) Jack Nichols as General Counsel.

Q. Why am I being asked to approve the Share Issuance Resolution?

A. The CSE is requiring Harborside to obtain shareholder approval in connection with the issuance of Subordinate Voting Shares pursuant to the Mergers as the number of Subordinate Voting Shares to be issued exceeds 100% of the issued and outstanding Subordinate Voting Shares on a non-diluted basis. If approval of the Share Issuance Resolution is not obtained, the Mergers will not be completed.

Q. What will happen if the Share Issuance Resolution is not approved or the Mergers are not completed for any reason?

A. If the Share Issuance Resolution is not approved or the Mergers are not completed for any reason, each of the Loudpack Merger Agreement and Urbn Leaf Merger Agreement may be terminated and Harborside will continue to operate independently. In certain circumstances, Harborside will be required to pay to Loudpack the Loudpack Termination Fee or the Reduced Termination Fee in connection with the termination of the Loudpack Merger Agreement, and/or to pay to Urbn Leaf the Urbn Leaf Termination Fee in connection with the termination of the Urbn Leaf Merger Agreement. If the Mergers are not completed or their completion is materially delayed and either the Loudpack Merger Agreement or Urbn Leaf Merger Agreement are terminated, for any reason, the market price of the Subordinate Voting Shares may be materially adversely affected and Harborside's business, financial condition or results of operations could also be subject to various material adverse consequences, including that Harborside would remain liable for costs relating to the Mergers. See *"Transaction Agreements – Loudpack Merger Agreement – Termination of the Loudpack Merger Agreement – Termination Fees", "Transaction Agreements – Urbn Leaf Merger Agreement – Termination of the Urbn Leaf Merger Agreement – Termination Fees"* and "*Risk Factors*".

Q. What will happen if the SRP Resolution is not approved?

A. It is a condition to the completion of the Loudpack Merger that the SRP Resolution be approved by the requisite majority at the Harborside Meeting. If the Subordinate Shareholders fail to approve the SRP Resolution, Harborside may elect not to proceed with the Loudpack Merger in its sole discretion.

Q. What will happen if the Mergers are completed?

A. If the Mergers are completed, (a) Harborside will acquire all of the equity interests of Loudpack and Urbn Leaf at the Loudpack Effective Time and the Urbn Leaf Effective Time, respectively; (b) Loudpack and Urbn Leaf will become wholly-owned subsidiaries of Harborside; (c) Harborside will continue the operations of Harborside, Loudpack and Urbn Leaf on a combined basis under the name "StateHouse Holdings Inc."; and (d) the Subordinate Voting Shares will trade on the CSE under the symbol "STHZ".

Q. Are there any risks I should consider in connection with the Mergers?

A. Yes. There are a number of risk factors relating to Harborside's, Loudpack's and Urbn Leaf's business and operations, the Mergers and the Combined Company's business and operations following completion of the Mergers, all of which should be carefully considered by Harborside Shareholders in evaluating whether to approve the Share Issuance Resolution. In addition to the risk factors set forth under the heading "*Risk Factors*" in the Harborside AIF which is specifically incorporated by reference in this Circular, see "*Risk Factors*" for a non-exhaustive list of certain additional and supplemental risk factors relating to the Mergers and the business and operations of the Combined Company following completion of the Mergers which Harborside Shareholders should carefully consider before making a decision regarding approving the Share Issuance Resolution.

Q. Are Harborside Shareholders entitled to dissent rights?

A. Under applicable Canadian corporate law, Harborside Shareholders are not entitled to dissent rights with respect to the Share Issuance Resolution. Harborside Shareholders are also not entitled to dissent rights with respect to the Name Change Resolution, the Consolidation Resolution, the Combined Company Board Resolution, the Equity Incentive Plan Amendment Resolution or the By-law Amendment Resolution. Subordinate Shareholders are also not entitled to dissent rights with respect to the SRP Resolution.

Harborside Shareholders are entitled to dissent rights with respect to the Articles Alteration Resolution. See "*Business of the Harborside Meeting – Articles Alteration Resolution – Dissent Rights".*

Questions Relating to the Harborside Meeting

Q. Why did I receive this Circular?

A. You received this Circular because you are a Harborside Shareholder as of the Record Date.

Q. How and when is the Harborside Meeting being held?

A. Due to restrictions relating to the global COVID-19 pandemic, and to mitigate risks to the health and safety of our communities, Harborside Shareholders, employees and other stakeholders of Harborside, Harborside is holding the Harborside Meeting as a completely virtual meeting. As a result, Harborside Shareholders, regardless of geographic location and equity ownership, will have an equal opportunity to participate in the Harborside Meeting. Harborside Shareholders will not be able to attend the Harborside Meeting in person. The Harborside Meeting will be conducted via live webcast available online at http://web.lumiagm.com/256406441 on February 22, 2022 at 11:00 a.m. (Toronto time), subject to any adjournment or postponement thereof.

Q. How do I attend the Harborside Meeting?

A. Registered Shareholders and duly appointed proxyholders will be able to virtually attend, participate and vote at the Harborside Meeting online at http://web.lumiagm.com/256406441. Such persons may then enter the Harborside Meeting by clicking "I have a login" and entering a username and password before the start of the Harborside Meeting. See "*How do I vote if I am a Registered Shareholder?"* and "*How do I vote if I am a Non-Registered Shareholder?*" below for additional details.

Registered Shareholders and duly appointed proxyholders (including Non-Registered Shareholders who have appointed themselves as proxyholder) will be able to attend the Harborside Meeting, ask questions and vote at the Harborside Meeting in real time. Non-Registered Shareholders must carefully follow the procedures set out in this Circular in order

to vote and ask questions through the live webcast. Guests, including Non-Registered Shareholders who have not been duly appointed as proxyholders can log into the Harborside Meeting as a guest. Guests may listen to the Harborside Meeting but will not be entitled to vote or ask questions during the Harborside Meeting.

If you attend the Harborside Meeting, you must remain connected to the Internet at all times during the Harborside Meeting in order to vote when balloting commences. It is your responsibility to ensure Internet connectivity for the duration of the Harborside Meeting.

See "*General Proxy Information – Voting Your Harborside Shares at the Harborside Meeting"* for additional information on how to navigate the virtual meeting platform, including how to vote and ask questions at, the Harborside Meeting.

Q. Am I entitled to vote?

A. You are entitled to vote if you were a holder of Harborside Shares as of the close of business on January 17, 2022, being the Record Date. Harborside Shareholders as of the Record Date are entitled to vote on the basis of: (a) one vote for each Subordinate Voting Share held; and (b) 100 votes for each Multiple Voting Share held. See "*General Proxy Information – Voting Securities and Principal Harborside Shareholders*".

Q. What am I voting on?

A. If you are a holder of Harborside Shares, you will be voting on, among other things, the Share Issuance Resolution to approve the issuance of Harborside Shares in connection with the Mergers. Harborside Shareholders will also be asked to approve the Name Change Resolution, the Consolidation Resolution, the Combined Company Board Resolution, the Articles Alteration Resolution, the By-law Amendment Resolution and the Equity Incentive Plan Amendment Resolution.

Subordinate Shareholders will also be asked to approve the SRP Resolution. The Multiple Shareholders will not be entitled to vote in respect of the SRP Resolution.

Q. What constitutes quorum for the Harborside Meeting?

A. Quorum for the Harborside Meeting consists of two persons present in person, each of whom is a Harborside Shareholder entitled to attend and vote at the Harborside Meeting, or the proxyholder of such Harborside Shareholder appointed by means of a valid proxy, holding or representing by proxy in the aggregate not less than 5% of the total number of the issued and outstanding Harborside Shares enjoying voting rights at the Harborside Meeting.

Q. How many Harborside Shares are entitled to be voted?

A. As of the Harborside Record Date, there were 39,525,407 Subordinate Voting Shares and 425,970.73 Multiple Voting Shares outstanding, representing an aggregate total of 82,122,480 votes for each of the Share Issuance Resolution, the Name Change Resolution, the Consolidation Resolution, the Combined Company Board Resolution, the Articles Alteration Resolution, the By-law Amendment Resolution and the Equity Incentive Plan Amendment Resolution. Only Subordinate Shareholders are entitled to vote on the SRP Resolution. See "*Business of the Harborside Meeting – Shareholder Rights Plan Resolution*".

Q. Does any Harborside Shareholder beneficially own 10% or more of the Harborside Shares?

A. Yes. For additional information on the Harborside Shareholders that beneficially own, directly or indirectly, or exercise control or direction over, voting securities of Harborside carrying 10% or more of the voting rights attached to either the Subordinate Voting Shares or the Multiple

Voting Shares, see "*General Proxy Information – Voting Securities and Principal Harborside Shareholders*".

Q. What if I acquire ownership of Harborside Shares after the Record Date?

A. You will not be entitled to vote Harborside Shares acquired after the Record Date on any of the resolutions placed before the Harborside Meeting. Only Persons owning Harborside Shares as of the Record Date are entitled to vote their Harborside Shares at the Harborside Meeting.

Q. What if amendments are made to these matters or if other business matters are brought before the Harborside Meeting?

A. If you attend the Harborside Meeting and are eligible to vote, you may vote on the business matters as you choose.

If you have completed and returned a proxy form, the Persons named in the proxy form will have discretionary authority to vote on amendments or variations to the matters identified in the Notice of Special Meeting or other matters that may properly come before the Harborside Meeting, or any adjournment or postponement thereof. At the date of this Circular, management of Harborside is not aware of any such amendments, variations or other matters which are expected to come before the Harborside Meeting. However, if any other matter properly comes before the Harborside Meeting, the accompanying applicable proxy will be voted on such matter in accordance with the best judgment of the Person voting the proxy, including with respect to any amendments or variations to the matters identified in this Circular.

Q. Am I a Registered Shareholder?

A. You are a Registered Shareholder if you have certificate(s) or DRS Statement(s) representing Harborside Shares issued in your name and appear as a Registered Shareholder on the books of Harborside.

Q. Am I a Non-Registered Shareholder (also commonly referred to as a beneficial shareholder)?

A. You are a Non-Registered Shareholder if your Harborside Shares are registered in the name of an Intermediary.

Q. How do I vote if I am a Registered Shareholder?

A. As a Registered Shareholder, you may either vote by proxy or vote by live Internet webcast by following the steps below.

Registered Shareholders – Voting by Proxy

Voting by proxy is the easiest way for Registered Shareholders to cast their vote. As a Registered Shareholder, you can vote your Harborside Shares by proxy in the following ways:

- by mail at: Odyssey Transfer Inc., Trader's Bank Building, Attn: Proxy Department, 67 Yonge St., Suite 702, Toronto ON M5E 1J8; or

- to vote your proxy online please visit https://login.odysseytrust.com/pxlogin. You will require the control number printed with your address to the right on your proxy form. If you vote via the Internet, do not mail the proxy form in.

Harborside's named proxyholders are Matthew Hawkins, Interim Chief Executive Officer and Chairman or, failing him, Jack Nichols, General Counsel. **You can appoint the persons named in the enclosed form of proxy, who are each a director or an officer of Harborside. Alternatively, you can appoint any other person not named in the enclosed form of proxy**

(who need not be a Harborside Shareholder) to virtually attend the Harborside Meeting as your proxyholder.

In order for a duly appointed proxyholder to represent a Harborside Shareholder at the Harborside Meeting, the Harborside Shareholder must register the proxyholder with Odyssey once the Harborside Shareholder has submitted its form of proxy. **Failure to register a duly appointed proxyholder will result in the proxyholder not receiving a unique control number, which is necessary in order for the proxyholder to participate in the Harborside Meeting.** To register a duly appointed proxyholder, a Harborside Shareholder must contact Odyssey at harborside@odysseytrust.com by no later than 11:00 a.m. (Toronto time) on February 17, 2022 (or by 11:00 a.m. (Toronto time) on the day other than a Saturday, Sunday or statutory or civic holiday which is at least 48 hours prior to any adjourned or postponed Harborside Meeting) and provide Odyssey with its proxyholder's contact information, so that Odyssey may provide the proxyholder with a control number via email. If you appoint and register a non-management proxyholder, please ensure that they attend the Harborside Meeting for your vote to count.

Registered Shareholders – Voting by Live Internet Webcast

Registered Shareholders and duly appointed proxyholders will be able to virtually attend, participate and vote at the Harborside Meeting online at http://web.lumiagm.com/256406441. Such persons may then enter the Harborside Meeting by clicking "I have a login" and entering a username and password before the start of the Harborside Meeting:

- **Registered Shareholders:** The control number located on the form of proxy or in the email notification you received is your username. The password to the Harborside Meeting is "harborside2022" (case sensitive). The Harborside Meeting ID for the Harborside Meeting is: 256406441. If, as a Registered Shareholder, you are using your control number to log into the Harborside Meeting and you accept the terms and conditions, you will be revoking any and all previously submitted proxies for the Harborside Meeting and will be provided the opportunity to vote by online ballot on the matters placed before the Harborside Meeting. **If you do not wish to revoke a previously submitted proxy, do not accept the terms and conditions, in which case you may enter the Harborside Meeting as a guest.**

- **Duly appointed proxyholders:** The person that a Registered Shareholder appoints as proxyholder **MUST** contact Odyssey at harborside@odysseytrust.com and provide Odyssey with such proxyholder's contact information. Odyssey will then provide the proxyholder with a username by e-mail after the voting deadline has passed. The password to the Harborside Meeting is "harborside2022" (case sensitive). **Without the username, proxyholders will not be able to participate or vote at the Harborside Meeting.**

Only Registered Shareholders and duly appointed proxyholders will be entitled to participate and vote at the Harborside Meeting. **Non-Registered Shareholders who have not duly appointed themselves as proxyholder will be able virtually attend the Harborside Meeting as guests, however they will not be able to participate or vote at the Harborside Meeting. Non-Registered Shareholders that wish to virtually attend the Harborside Meeting as a guest should select "I am a guest" and complete the online form**.

During the Harborside Meeting, Registered Shareholders and duly appointed proxyholders must ensure they are connected to the Internet at all times in order to vote when polling is commenced on the resolutions put before the Harborside Meeting. It is their responsibility to ensure Internet connectivity.

See "*General Proxy Information*" in this Circular.

Q. How do I vote if I am a Non-Registered Shareholder?

A. As a Non-Registered Shareholder, you may either vote by submitting voting instructions or vote by live Internet webcast by following the steps below.

Non-Registered Shareholders – Submitting Voting Instructions

If you are a Non-Registered Shareholder, your Intermediary will send you your proxy-related materials and a voting instruction form that allows you to vote on the Internet or by mail. To vote, you should carefully follow the instructions provided on your voting instruction form. Your Intermediary is required to ask for your voting instructions before the Harborside Meeting. Without specific instructions, your Intermediary is prohibited from voting your Harborside Shares at the Harborside Meeting. Harborside does not know for whose benefit the Harborside Shares registered in the name of CDS & Co., or another Intermediary, are held. Please contact your Intermediary if you do not receive a voting instruction form. Alternatively, you may receive from your Intermediary a pre-authorized form of proxy indicating the number of Harborside Shares to be voted, which you should complete, sign, date and return as directed on the form. **Each Intermediary has its own procedures which should be carefully followed by Non-Registered Shareholders to ensure that their Harborside Shares are voted by their Intermediary on their behalf at the Harborside Meeting.**

The form of proxy supplied to you by your broker will be similar to the proxy provided to Registered Shareholders. However, the purpose of the VIF is limited to instructing the Intermediary on how to vote your Harborside on your behalf. Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge in Canada and the U.S. Broadridge mails a VIF in lieu of a proxy provided by Harborside. If you receive a VIF from Broadridge, the VIF must be completed and returned to Broadridge, in accordance with Broadridge's instructions, well in advance of the Harborside Meeting in order to have the Harborside Shares voted at the Harborside Meeting or to have an alternate representative duly appointed to attend the virtual Meeting to vote your Harborside Shares. You should carefully follow the instructions provided to ensure your Harborside Shares are voted at the Harborside Meeting.

Non-Registered Shareholders – Voting by Live Internet Webcast

A Non-Registered Shareholder can only vote its Harborside Shares at the Harborside Meeting if: (a) it has previously appointed itself as the proxyholder for its Harborside Shares by printing its name in the space provided on the voting instruction form and submitting it as directed on the form; and (b) by no later than 11:00 a.m. (Toronto time) on February 17, 2022 (or by 11:00 a.m. (Toronto time) on the day other than a Saturday, Sunday or statutory or civic holiday which is at least 48 hours prior to any adjourned or postponed Harborside Meeting), it has contacted Odyssey at harborside@odysseytrust.com to register with Odyssey and obtain a control number for the Harborside Meeting. This control number will allow a Non-Registered Shareholder to log in to the live webcast and vote at the Harborside Meeting. **Without a control number, Non-Registered Shareholders will not be able to ask questions or vote at the Harborside Meeting**.

A Non-Registered Shareholder may also appoint someone else as its proxyholder for its Harborside Shares by printing their name in the space provided on the voting instruction form and submitting it as directed on the form. If the Non-Registered Shareholder's proxyholder intends to attend and participate at the Harborside Meeting, after the voting instruction form has been submitted, the Non-Registered Shareholder must contact Odyssey at harborside@odysseytrust.com by no later than 11:00 a.m. (Toronto time) on February 17, 2022 (or by 11:00 a.m. (Toronto time) on the day other than a Saturday, Sunday or statutory or civic holiday which is at least 48 hours prior to any adjourned or postponed Harborside Meeting) to register so that Odyssey may provide the proxyholder with a control number via email. **Without**

a control number, a proxyholder may attend the Harborside Meeting as a guest but will not be able to ask questions or vote at the Harborside Meeting. Guests, including Non-Registered Shareholders who have not duly appointed themselves as proxyholder, can attend the Harborside Meeting by logging into the Harborside Meeting at http://web.lumiagm.com/256406441, selecting "I am a Guest" and filling in the required information.

See "*General Proxy Information*" in this Circular.

Q. How do I vote if I am both a Registered Shareholder and a Non-Registered Shareholder?

A. Should you hold some Harborside Shares as a Registered Shareholder and others as a Non-Registered Shareholder, you will have to use both voting methods described above.

Q. Who is soliciting my proxy?

A. The management of Harborside is soliciting your proxy.

The solicitation of proxies is intended to be primarily by mail but may also be solicited by telephone, email, Internet, fax transmission or other electronic means of communication or in person by the directors, officers, employees and representatives of Harborside. The total cost of soliciting proxies and mailing the materials in connection with the Harborside Meeting will be borne by Harborside.

Q. Who votes my Harborside Shares and how will they be voted if I return a proxy form?

A. You may indicate on your form of proxy how you wish your proxyholder to vote your Harborside Shares. To do this, simply mark the appropriate boxes on the applicable form of proxy. If you do this, your proxyholder must vote your Harborside Shares in accordance with the instructions you have given.

If you do not give any instructions as to how to vote on a particular issue to be decided at the Harborside Meeting, your proxyholder can vote your Harborside Shares as they think fit. If you have appointed the persons designated in the applicable form of proxy as your proxyholder, they will, unless you give contrary instructions, vote **FOR** each of the matters placed before the Harborside Meeting. The enclosed forms of proxy give the persons named on it the authority to use their discretion in voting on amendments or variations to matters identified on the Notice of Special Meeting. At the time of printing this Circular, the management of Harborside is not aware of any other matter to be presented for action at the Harborside Meeting. If, however, other matters do properly come before the Harborside Meeting, the persons named on the enclosed form of proxy will vote on them in accordance with their best judgment, pursuant to the discretionary authority conferred by the form of proxy with respect to such matters.

Q. Can I appoint someone other than those named in the enclosed proxy forms to vote my Harborside Shares?

A. Yes, you can appoint any other person not named in the enclosed forms of proxy (who need not be a Harborside Shareholder) to virtually attend the Harborside Meeting as your proxyholder. Harborside Shareholders who wish to appoint a third-party proxyholder to virtually attend, participate and vote at the Harborside Meeting as their proxyholder and vote their Harborside Shares **MUST** submit their proxy or VIF (as applicable) appointing such third-party proxyholder **AND** register the third-party proxyholder. Registering your proxyholder is an additional step to be completed **AFTER** you have submitted your proxy or VIF. **Failure to register the proxyholder will result in the proxyholder not receiving a username to virtually attend, participate or vote at the Harborside Meeting.**

See "*General Proxy Information – Appointing a Proxyholder*" in this Circular.

Q. Can I revoke a proxy or voting instruction?

A. Yes. A Harborside Shareholder who has voted by proxy may revoke it any time prior to the Harborside Meeting. To revoke a proxy, a Registered Shareholder may: (a) deliver a written notice to Harborside's registered office at 77 King Street West, Toronto, Ontario, M5K 1H1, or to the offices of Odyssey at Odyssey Transfer Inc., Trader's Bank Building, Attn: Proxy Department, 67 Yonge St., Suite 702, Toronto ON M5E 1J8 at any time up to and including the close of business on the last Business Day preceding the day of the Harborside Meeting, or any adjournment or postponement thereof; (b) vote again on the Internet at any time up to 11:00 a.m. (Toronto time) on February 17, 2022 (or by 11:00 a.m. (Toronto time) on the day other than a Saturday, Sunday or statutory or civic holiday which is at least 48 hours prior to any adjourned or postponed Harborside Meeting) at https://login.odysseytrust.com/pxlogin; or (c) complete a form of proxy that is dated later than the form of proxy being changed, and mailing it as instructed on the form of proxy so that it is received before 11:00 a.m. (Toronto time) on February 17, 2022 (or by 11:00 a.m. (Toronto time) on the day other than a Saturday, Sunday or statutory or civic holiday which is at least 48 hours prior to any adjourned or postponed Harborside Meeting). If you log in to the Harborside Meeting, you will not be revoking any previously submitted proxies. However, if you vote on a ballot at the Harborside Meeting you will be revoking any and all previously submitted proxies. **If you <u>DO NOT</u> wish to revoke your previously submitted proxies, do not vote at the Harborside Meeting.** In addition, the proxy may be revoked by any other method permitted by Law. The written notice of revocation may be executed by the Harborside Shareholder or by an attorney who has the Harborside Shareholder's written authorization. If the Harborside Shareholder is a corporation, the written notice must be executed by its duly authorized officer or attorney.

Only Registered Shareholders have the right to directly revoke a proxy. Non-Registered Shareholders that wish to change their vote must arrange for their respective Intermediaries to revoke the proxy on their behalf in accordance with any requirements of the Intermediaries.

See "*General Proxy Information*" in this Circular.

Q. Are Loudpack Stockholders required to approve the Loudpack Merger?

A. Yes. Completion of the Loudpack Merger is also conditional upon approval of the Loudpack Merger by the Sole Stockholder and the Voting Members. As a result of the Loudpack Support Agreement, Loudpack has already received irrevocable proxies to approve the Loudpack Merger which are in excess of the thresholds required to approve the Loudpack Merger. See "*Regulatory Matters and Approvals – Shareholder Approvals*".

Q. Are Urbn Leaf Shareholders required to approve the Urbn Leaf Merger?

A. Yes. Completion of the Urbn Leaf Merger is also conditional upon approval of the Urbn Leaf Merger by the Urbn Leaf Shareholders. As a result of the Urbn Leaf Support Agreement, Urbn Leaf has already received irrevocable proxies to approve the Urbn Leaf Merger which are in excess of the thresholds required to approve the Urbn Leaf Merger. See "*Regulatory Matters and Approvals – Shareholder Approvals*".

Q. Should I send in my proxy now?

A. Yes. Once you have carefully read and considered the information in this Circular, you should complete and submit the enclosed voting instruction form or applicable form of proxy. You are encouraged to vote well in advance of the proxy cut-off time at 11:00 a.m. (Toronto time) on February 17, 2022 to ensure your Harborside Shares are voted at the Harborside Meeting. If the Harborside Meeting is adjourned or postponed, your proxy must be received not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the adjourned or postponed Harborside Meeting. The time limit for deposit of proxies may be waived or

extended by the Chair of the Harborside Meeting at his or her discretion, with or without notice. The Chair is under no obligation to accept or reject any particular late proxy.

Q. Who is responsible for counting and tabulating the votes by proxy?

A. Votes by proxy will be counted and tabulated by Odyssey.

Q. Who can I contact if I have additional questions?

A. If you have any questions about this Circular or the matters described in this Circular, please contact your investment dealer, broker, bank manager, lawyer or other professional advisor.

GLOSSARY OF DEFINED TERMS

Unless the context otherwise requires, when used in this Circular the following terms will have the meanings set forth below and grammatical variations of these terms will have the corresponding meanings:

"**ABCA**" means the *Business Corporations Act* (Alberta).

"**Accounts Payable**" means, as of a specified date, the sum of (a) the accounts payable of Loudpack and its Subsidiaries, on a consolidated basis, ***plus*** (b) the aggregate amounts owed by Loudpack and its Subsidiaries under the obligations to related parties set forth in the applicable schedule to the Loudpack Merger Agreement ***less*** (c) the aggregate amount of Transaction Expenses that would otherwise be reflected in accounts payable, in each case as determined in accordance with IFRS, consistently applied.

"**Accounts Payable Adjustment**" means the amount of Subordinate Voting Shares determined as follows: (a) the amount by which (i) the remainder of (A) the Accounts Payable of Loudpack as of the closing of the Loudpack Merger, ***less*** (B) the Prepaid Transaction Expenses, each as set forth on the Loudpack Closing Statement, exceeds (ii) $7,500,000 (up to a maximum of $2,500,000), ***divided*** by (b) the greater of (X) the Fair Market Value of the Subordinate Voting Shares as of the closing of the Loudpack Merger and (Y) $1.00.

"**Accucanna**" means Accucanna LLC.

"**Acquisition Agreement**" has the meaning set forth in "*Transaction Agreements – Loudpack Merger Agreement – Covenants – Covenants Regarding Non-Solicitation and Acquisition Agreements*".

"**Agreement of Loudpack Merger**" has the meaning set forth in "*Transaction Agreements – Loudpack Merger Agreement – Timing for Completion of Loudpack Merger*".

"**Agreement of Urbn Leaf Merger**" has the meaning set forth in "*Transaction Agreements – Urbn Leaf Merger Agreement – Timing for Completion of Urbn Leaf Merger*".

"**Altum Mind**" has the meaning set forth in "Appendix K – *Information Concerning Loudpack*".

"**Amended and Restated Articles**" has the meaning set forth in "*Business of the Harborside Meeting – Articles Alteration Resolution*".

"**Antitrust Division**" means means the Antitrust Division of the United States Department of Justice.

"**Antitrust Laws**" means the HSR Act and any other Laws that are designed or intended to prohibit, restrict, or regulate actions having the purpose or effect of monopolization or restraint of trade or significant impediments or lessening of competition or creation or strengthening of a dominant position through merger or acquisition.

"**Armanino**" means Armanino LLP.

"**Articles**" has the meaning set forth in "*Business of the Harborside Meeting – Articles Alteration Resolution*".

"**Articles Alteration Resolution**" has the meaning set forth in "*Business of the Harborside Meeting – Articles Alteration Resolution*".

"**Beneficial Ownership Limitation**" has the meaning set forth in "*Business of the Harborside Meeting – Articles Alteration Resolution*".

"**Board Nominee(s)**" has the meaning set forth in "*Business of the Harborside Meeting – Election of the Board Nominees of the Combined Company*".

"**Bouldin Defendants**" has the meaning set forth in "Appendix K – *Information Concerning Loudpack*".

"**Broadridge**" means Broadridge Financial Solutions, Inc.

"**Bulk-Up Subsidiary**" means each of (a) Sublime and its Subsidiaries, and (b) Urbn Leaf and its Subsidiaries.

"**Business Day**" means any day that is not a Saturday, Sunday or other day on which banking institutions in California are authorized or required by law or executive order to close.

"**By-law**" means the by-law no. 2 of Harborside passed and made by the Harborside Board on April 9, 2019 and confirmed by Harborside Shareholders on May 16, 2019.

"**By-law Amendment Resolution**" has the meaning set forth in "*Business of the Harborside Meeting – By-law Amendment Resolution*".

"**Carryover Notes**" means the Junior Carryover Notes and the Senior Carryover Notes.

"**Carveout Assets**" means (a) 100% of the membership interests of Altum LPF LLC, a Delaware limited liability company, (b) 100% of the membership interests of LPF North LLC, a Delaware limited liability company, and (c) all of Loudpack's right, title and interest in its membership interests of Hemp Investors, LLC, a Delaware limited liability company, representing approximately 29.6% of the outstanding membership interests of Hemp Investors, LLC.

"**CDS**" means CDS Clearing and Depository Services Inc., which acts as nominee for certain Canadian brokerage firms.

"**CDTFA**" has the meaning set forth in "Appendix K – *Information Concerning Loudpack*".

"**CGCL**" means the California General Corporation Law, as amended.

"**Change of Auditor Reporting Package**" has the meaning set forth in "*Business of the Harborside Meeting – Appointment of Auditor*".

"**Circular**" means the Notice of Special Meeting together with the management information circular, including all schedules, Appendices and exhibits hereto, and information incorporated by reference herein, to be sent to Harborside Shareholders in connection with the Harborside Meeting, as amended, supplemented or otherwise modified from time to time.

"**Claimants**" has the meaning set forth in "Appendix L – *Information Concerning Urbn Leaf*".

"**Closing Cash Payment**" means an amount of cash not to exceed $1,000,000 to be paid to the Sole Stockholder at the closing of the Loudpack Merger, at the Sole Stockholder's election, as set forth on the Loudpack Closing Statement for expenses and future costs that have been approved by Harborside.

"**Closing Cash Payment Adjustment**" means the amount of Subordinate Voting determined as follows: (a) the Closing Cash Payment, divided by (b) the volume weighted average price, in United States Dollars, of the Subordinate Voting Shares on the CSE, for the 10 trading days ending on the trading day immediately preceding the closing of the Loudpack Merger.

"**Combined Company**" means Harborside following the completion of the Mergers.

"**Combined Company Board**" means the board of directors of the Combined Company, as constituted from time to time.

"**Combined Company Board Resolution**" has the meaning set forth in "*Business of the Harborside Meeting – Election of the Board Nominees of the Combined Company*".

"**Consideration Warrants**" has the meaning set forth in "*The Mergers – Issuance of Consideration Warrants*".

"**Consolidation**" has the meaning set forth in "*Business of the Harborside Meeting – Consolidation Resolution*".

"**Consolidation Resolution**" has the meaning set forth in "*Business of the Harborside Meeting – Consolidation Resolution*".

"**Consulting Agreement**" has the meaning set forth in "Appendix L – *Information Concerning Urbn Leaf*".

"**Contingent Liabilities**" means, for the purposes of the Urbn Leaf Merger, certain liabilities of each of Harborside and Urbn Leaf related to Taxes and certain representations given by each of Harborside and Urbn Leaf in the Urbn Leaf Merger Agreement.

"**Contingent Liability Adjusted Merger Consideration**" has the meaning set forth in "*The Mergers – Details of the Urbn Leaf Merger – Escrow of Urbn Leaf Merger Consideration*".

"**Contract**" means any written or oral contract, agreement, indenture, commitment, note, bond, loan, instrument, lease, conditional sale contract, mortgage, license, arrangement or other legally binding agreement or obligation.

"**Conversion Ratio**" has the meaning set forth in "*General Proxy Information – Voting Securities and Principal Harborside Shareholders*".

"**Conversion Prohibition**" has the meaning set forth in "*Business of the Harborside Meeting – Articles Alteration Resolution*".

"**CPC**" has the meaning set forth in "Appendix M – *Information Concerning the Combined Company Following Completion of the Mergers".*

"**CSE**" means the Canadian Securities Exchange.

"**CTO**" has the meaning set forth in "Appendix M – *Information Concerning the Combined Company Following Completion of the Mergers".*

"**Current MVS Provisions**" has the meaning set forth in "*Business of the Harborside Meeting – Articles Alteration Resolution*".

"**Debenture Supplement**" means that certain Master Debenture Supplement Agreement, dated as of November 30, 2020, by and among Loudpack and Acquiom Agency Services LLC as collateral agent and administrative agent, as modified, amended or supplemented from time to time, including in accordance with the Loudpack Support Agreement.

"**Denominator**" means the difference of (a) one, minus (b) the Share Issuance Percentage.

"**Determination Date**" has the meaning set forth in "*General Proxy Information – Voting Securities and Principal Shareholders*".

"**DGCL**" means the Delaware General Corporation Law, as amended.

"**Dissenting Shares**" means each outstanding share of Urbn Leaf Common Stock the holder of which has perfected his, her or its right to dissent pursuant to Chapter 13 of the CGCL and has not effectively withdrawn or lost such right as of the Urbn Leaf Effective Time.

"**DRS Statement**" means a statement issued by a transfer agent evidencing the securities held by a securityholder in book-based form in lieu of a physical certificate.

"**EEC**" has the meaning set forth in "Appendix M – *Information Concerning the Combined Company Following Completion of the Mergers*".

"**Equity Incentive Plan**" means the equity incentive plan of Harborside adopted by the Harborside Board on June 30, 2020.

"**Equity Incentive Plan Amendment Resolution**" has the meaning set forth in "*Business of the Harborside Meeting – Equity Incentive Plan Amendment Resolution*".

"**Exchange Act**" means the U.S. Securities Exchange Act of 1934.

"**Expiry Date**" has the meaning set forth in "*The Mergers – Issuance of Consideration Warrants*".

"**Fair Market Value**" means, with respect to the Subordinate Voting Shares, the volume weighted average price, in United States Dollars, of the Subordinate Voting Shares on the CSE, for the 30 trading days ending on the trading day immediately preceding the date of determination.

"**Fairness Opinions**" means, collectively, the PI Financial Loudpack Fairness Opinion and the PI Financial Urbn Leaf Fairness Opinion.

"**February Offering**" has the meaning set forth in "Appendix J – *Information Concerning Harborside*".

"**FLRish**" has the meaning set forth in "*General Proxy Information – Voting Securities and Principal Shareholders*".

"**Former Auditor**" has the meaning set forth in "*Business of the Harborside Meeting – Appointment of Auditor*".

"**FPI Conversion Restrictions**" has the meaning set forth in "*Business of the Harborside Meeting – Articles Alteration Resolution*".

"**FPI Protective Restriction**" has the meaning set forth in "*General Proxy Information – Voting Securities and Principal Shareholders*".

"**FPI Threshold**" has the meaning set forth in "*Business of the Harborside Meeting – Articles Alteration Resolution*".

"**FTC**" means the Federal Trade Commission.

"**Governmental Antitrust Authority**" means a Governmental Authority with jurisdiction over the Antitrust Laws.

"**Governmental Authority**" means any federal, national, foreign, state, provincial, local, or similar government, governmental, regulatory or administrative authority, agency, bureau, department, board, panel or commission or any court, tribunal, or judicial or arbitral body or mediator or any other instrumentality of any kind of any of the foregoing.

"**GPO**" has the meaning set forth in "Appendix K – *Information Concerning Loudpack*".

"**GPO II**" has the meaning set forth in "Appendix K – *Information Concerning Loudpack*".

"**Greenfield Facility**" has the meaning set forth in "Appendix K – *Information Concerning Loudpack*".

"**Harborside**" or the "**Corporation**" means Harborside Inc., a corporation existing under the laws of the Province of Ontario

"**Harborside Adverse Recommendation Change**" means (a) in the case of the Loudpack Merger, the Harborside Board: (i) failing to make, or withdrawing, amending, modifying, or materially qualifying in a manner adverse to the Sole Stockholder or Loudpack, the Harborside Board Recommendation; (ii)

failing to include the Harborside Board Recommendation in the Circular; (iii) recommending a Takeover Proposal; (iv) failing to recommend against acceptance of any tender offer or exchange offer for the Harborside Shares within 10 Business Days after the commencement of such offer; or (v) resolving or agreeing to take any of the foregoing actions; and (b) in the case of the Urbn Leaf Merger, the Harborside Board: (i) failing to make, withdraw, amend, modify, or materially qualify, in a manner adverse to Urbn Leaf, the Harborside Board Recommendation; (ii) failing to include such recommendation in the Circular; (iii) failing to recommend against acceptance of any tender offer or exchange offer for the Harborside Shares within 10 Business Days after the commencement of such offer; or (iv) resolving or agreeing to take any of the foregoing actions.

"**Harborside Affiliates**" has the meaning set forth in "*Regulatory Matters and Approvals – U.S. Securities Law Matters*".

"**Harborside AGM Circular**" has the meaning set forth in "Appendix J – *Information Concerning Harborside*".

"**Harborside AIF**" means the annual information form of Harborside for the year ended December 31, 2020.

"**Harborside Annual Financial Statements**" means the audited consolidated financial statements of Harborside for the financial years ended December 31, 2020 and 2019, together with the accompanying notes thereto and auditors' report thereon.

"**Harborside Annual MD&A**" means the management's discussion and analysis of financial condition and results of operations of Harborside for the financial years ended December 31, 2020 and 2019.

"**Harborside Board**" means the board of directors of Harborside, as constituted from time to time.

"**Harborside Board Recommendation**" means the recommendation of the Harborside Board that Harborside Shareholders vote in favor of the Share Issuance Resolution.

"**Harborside Capitalization**" means the fully-diluted capitalization of Harborside as of the Loudpack Closing Date which will include (a) all of the issued and outstanding equity securities (including debt instruments of Harborside convertible into Harborside equity securities) on an as converted basis of Harborside, assuming (i) the conversion of all in-the-money securities convertible into equity securities of Harborside and (ii) the exercise of all in-the-money outstanding options and warrants to purchase equity securities of Harborside and includes the equity securities to be issued in a Qualifying Transaction, to be calculated using the treasury stock method, and (b) the equity securities issued or reserved for issuance in connection with any acquisitions of Bulk-Up Subsidiaries closing contemporaneously with or after the Loudpack Closing Date, but excluding any equity securities issued with respect to the Loudpack Merger Consideration.

"**Harborside Closing Statement (Loudpack Merger)**" has the meaning set forth in "*The Mergers – Details of the Loudpack Merger – Calculation of Harborside and Loudpack Equity Values*".

"**Harborside Closing Statement (Urbn Leaf Merger)**" has the meaning set forth in "*The Mergers – Details of the Urbn Leaf Merger – Calculation of Harborside and Urbn Leaf Equity Values*".

"**Harborside Debentures**" means the total aggregate principal amount of Loudpack Debentures held by or on behalf of Harborside or its Subsidiaries at the closing of the Loudpack Merger, plus all interest accrued and unpaid thereon.

"**Harborside Disclosure Documents"** means all documents required to be filed by Harborside in accordance with applicable Securities Laws with the Securities Authorities and/or the CSE since May 30, 2019.

"**Harborside Disclosure Schedules**" means (a) in the case of the Loudpack Merger, the Disclosure Schedule attached to the Loudpack Merger Agreement, dated as of November 29, 2021, delivered by Harborside to the Sole Stockholder in connection with the Loudpack Merger Agreement; (b) in the case of the Urbn Leaf Merger, the Disclosure Schedule attached to the Urbn Leaf Merger Agreement, dated as of November 29, 2021, delivered by Harborside to Urbn Leaf in connection with the Urbn Leaf Merger Agreement.

"**Harborside Equity Value**" means (a) in the case of the Loudpack Merger, the implied equity value of Harborside together (on a pro-forma basis with all Bulk-Up Subsidiaries acquired prior to or contemporaneously with the closing of the Loudpack Merger based on Harborside's and such Bulk-Up Subsidiaries' respective audited financial statements for the fiscal year ended December 31, 2020), and cash, the specified Indebtedness (which, for avoidance of doubt, will exclude the aggregate principal amount of the Carryover Notes) as of the end of the fiscal month prior to the closing of the Loudpack Merger for each of Harborside and such Bulk-Up Subsidiaries, and other agreed adjustments, and an enterprise value to revenue multiple of 3.28x for Harborside and such Bulk-Up Subsidiaries, and otherwise computed in accordance with the Loudpack Merger Agreement; and (b) in the case of the Urbn Leaf Merger, the implied equity value of Harborside (on a pro-forma basis) for the fiscal year ended December 31, 2020, cash, the specified Indebtedness as of the end of the fiscal month prior to the closing of the Urbn Leaf Merger, and enterprise value to revenue multiples of 3.0x for Harborside, all as computed in accordance with Schedule "A" to the Urbn Leaf Merger Agreement.

"**Harborside Interim Financial Statements**" means the unaudited condensed consolidated interim financial statements of Harborside as at and for the three and nine months ended September 30, 2021, together with the notes thereto**.**

"**Harborside Interim MD&A**" means the management's discussion and analysis of financial condition and results of operations of Harborside for the three and nine months ended September 30, 2021.

"**Harborside Material Adverse Effect**" means (a) in the case of the Loudpack Merger, any event, occurrence, fact, condition or change that is, or could reasonably be expected to become, individually or in the aggregate, materially adverse to (i) the business, results of operations, condition (financial or otherwise) or assets of Harborside or its Subsidiaries, or (ii) the authority or ability of Harborside to perform its obligations hereunder, or to consummate the transactions contemplated in the Loudpack Merger Agreement, in accordance with the terms thereof and applicable Law; provided, however, that "Harborside Material Adverse Effect" does not include any event, occurrence, fact, condition or change attributable to: (i) general economic or political conditions; (ii) conditions affecting the industries in which Harborside and its Subsidiaries operate (including but not limited to the cannabis industry); (iii) any changes in financial, banking or securities markets in general; (iv) a national emergency, acts of war (whether or not declared), armed hostilities or terrorism, or the escalation or worsening thereof; (v) natural disasters, or weather conditions, epidemics, pandemics, or disease outbreaks (including the COVID-19 virus), public health emergencies (as declared by the World Health Organization or the Health and Human Services Secretary of the United States; (vi) any changes in applicable Laws or accounting rules (including IFRS); or (vii) any action permitted or required by the Loudpack Merger Agreement; and (b) in the case of the Urbn Leaf Merger, any event, occurrence, fact, condition or change that is, or could reasonably be expected to become, individually or in the aggregate, materially adverse to (i) the business, results of operations, condition (financial or otherwise) or assets of Harborside or its Subsidiaries, or (ii) the authority or ability of Harborside to perform its obligations thereunder, or to consummate the transactions contemplated in the Urbn Leaf Merger Agreement, in accordance with the terms thereof and applicable Law; provided, however, that "Harborside Material Adverse Effect" does not include any event, occurrence, fact, condition or change attributable to: (i) general economic or political conditions; (ii) conditions affecting the industries in which Harborside and its Subsidiaries operate (including but not limited to the cannabis industry); (iii) any changes in financial, banking or securities markets in general; (iv) a national emergency, acts of war (whether or not declared), armed hostilities or terrorism, or the escalation or worsening thereof; (v) natural disasters, or weather conditions, epidemics, pandemics, or disease outbreaks (including the COVID-19 virus), public health emergencies (as declared by the World Health Organization or the Health and Human

Services Secretary of the United States or (vi) any changes in applicable Laws or accounting rules (including IFRS); (vii) the announcement, pendency or completion of the transactions contemplated by the Urbn Leaf Merger Agreement, including losses or threatened losses of employees, customers, suppliers, distributors or other having relationships with Harborside or the Subsidiaries; (viii) any action required or permitted by the Urbn Leaf Merger Agreement or any action taken (or omitted to be taken) with the written consent of or at the written request of Urbn Leaf; (ix) any matter of which Urbn Leaf is aware on the date thereof; or (x) any failure by Harborside or the Subsidiaries to meet any internal or published projections, forecasts or revenue or earnings predictions (provided that the underlying causes of such failures (subject to the other provisions of this definition) will not be excluded); provided, however, that any event, occurrence, fact, effect, condition or change referred to in clauses (i) through (ix) immediately above will be taken into account in determining whether a Harborside Material Adverse Effect has occurred or could reasonably be expected to occur to the extent that such event, occurrence, fact, effect, condition or change has a disproportionate effect on Harborside compared to other participants in the industries in which Harborside conducts its businesses.

"**Harborside Meeting**" has the meaning set forth in "*Management Information Circular*".

"**Harborside Shareholders**" means, collectively, the Subordinate Shareholders and the Multiple Shareholders and a "**Harborside Shareholder**" means any one of them.

"**Harborside Shares**" means, collectively, the Subordinate Voting Shares and the Multiple Voting Shares.

"**Holdco II**" has the meaning set forth in "Appendix K – *Information Concerning Loudpack*".

"**HSR Act**" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"**IFRS**" means International Financial Reporting Standards as issued by the International Accounting Standards Board.

"**Incentive Stock Option**" means an option granted under section 6(a) of Harborside's equity incentive plan that is intended to meet the requirements of Section 422 of the U.S. Internal Revenue Code of 1986, as amended from time to time, and any regulations promulgated thereunder, or any successor provisions.

"**Indebtedness**" means, (a) in the case of the Loudpack Merger, with respect to Loudpack and its Subsidiaries, at the time of any determination, without duplication: (i) all indebtedness of Loudpack and its Subsidiaries for borrowed money or in respect of loans or advances (including principal and interest thereon), (ii) all obligations of Loudpack and its Subsidiaries evidenced by bonds, debentures, notes or other similar instruments or debt securities, (iii) all obligations with respect to letters of credit and bankers' acceptances issued for the account of Loudpack or its Subsidiaries to the extent drawn, (iv) all obligations arising from bank overdrafts, (v) all obligations arising from deferred compensation arrangements, (vi) all obligations under capital leases (as determined in accordance with IFRS) and any sale-lease back transactions, (vii) all past due or deferred rent, (viii) all indebtedness for the deferred purchase price of property or services with respect to which Loudpack and its Subsidiaries is liable contingently or otherwise, (ix) all obligations of the type referred to in clauses (i) through (viii) for the payment of which Loudpack and its Subsidiaries are responsible or liable, directly or indirectly, as obligor, guarantor, surety or otherwise, including guarantees of such obligations, (x) all obligations of the type referred to in clauses (i) through (ix), whether or not assumed, secured by any Lien or payable out of the proceeds or product from any property or assets now or hereafter owned by Loudpack or any of its Subsidiaries, and (xi) all accrued interest, prepayment premiums or penalties with respect to any of the obligations of the type referred to in clauses (i) through (x); or (b) in the case of the Urbn Leaf Merger, with respect to Urbn Leaf and Subsidiaries, at the time of any determination, without duplication: (i) all indebtedness of Urbn Leaf or Subsidiaries for borrowed money or in respect of loans or advances (including principal and interest thereon), (ii) all obligations of Urbn Leaf and Subsidiaries evidenced by bonds, debentures, notes or other similar instruments or debt securities, (iii) all obligations

with respect to letters of credit and bankers' acceptances issued for the account of Urbn Leaf or Subsidiaries to the extent drawn, (iv) all obligations arising from bank overdrafts, (v) all obligations arising from deferred compensation arrangements with respect to deferred compensation earned as of the time of determination, (vi) all past due or deferred rent, (vii) all indebtedness for the deferred purchase price of property or services with respect to which Urbn Leaf and Subsidiaries is liable contingently or otherwise, (viii) all obligations of the type referred to in clauses (i) through (vii) for the payment of which Urbn Leaf and Subsidiaries are responsible or liable, directly or indirectly, as obligor, guarantor, surety or otherwise, including guarantees of such obligations, (ix) all obligations of the type referred to in clauses (i) through (vii), whether or not assumed, secured by any Lien or payable out of the proceeds or product from any property or assets now or hereafter owned by Urbn Leaf or any Subsidiary, and (x) all accrued interest, prepayment premiums or penalties with respect to any of the obligations of the type referred to in clauses (a) through (ix).

"**Intermediary**" means a broker, bank, trust company, investment dealer or other financial institution.

"Inventory Prepayment" means the "Prepayment" as defined in that certain Prepayment of Inventory Agreement, dated as of August 1, 2021, by Greenfield Organix, a California corporation and a wholly owned Subsidiary of Loudpack, and Patients Mutual Assistance Collective Corporation, a California corporation and an indirect wholly owned Subsidiary of Harborside, as amended from time to time.

"**Junior Carryover Notes**" has the meaning set forth in "Appendix K – *Information Concerning Loudpack*".

"**Kushy Punch Gummies**" has the meaning set forth in "Appendix L – *Information Concerning Urbn Leaf*".

"**Kushy Punch Parties**" has the meaning set forth in "Appendix L – *Information Concerning Urbn Leaf*".

"**Law**" means any domestic or foreign, federal, state, municipality or local law, statute, ordinance, code, rule, regulation, directive, norm, order, requirement or rule of law (including common law); provided, however, that "Law", "law", or "federal" will only include such United States federal law, authority, agency, or jurisdiction as is not in conflict with the Laws, regulations, authority, agency, or jurisdiction of any state, district, or territory regarding such regulated cannabis business activities.

"**Lien**" means any charge, claim, community or other marital property interest, condition, equitable interest, lien, option, pledge, security interest, mortgage deed of trust, right of way, easement, encroachment, servitude, right of first option, right of first or last negotiation or refusal or similar restriction, including any restriction on use, voting (in the case of any security or equity interest), transfer, receipt of income or exercise of any other attribute of ownership.

"**Loss**" has the meaning set forth in "Appendix K – *Information Concerning Loudpack*".

"**Loudpack**" means LPF JV Corporation, a Delaware corporation.

"**Loudpack Annual Financial Statements**" means the audited consolidated financial statements of Loudpack for the financial years ended December 31, 2020 and 2019, together with the accompanying notes thereto and auditors' report thereon.

"**Loudpack Closing Date**" means the closing date of the Loudpack Merger.

"**Loudpack Closing Statement**" has the meaning set forth in "*The Mergers – Details of the Loudpack Merger – Calculation of Harborside and Loudpack Equity Values*".

"**Loudpack Common Stock**" means all common stock, par value $0.001 per share, of Loudpack.

"**Loudpack Debentureholders**" has the meaning set forth in "Appendix K – *Information Concerning Loudpack*".

"**Loudpack Debentures**" has the meaning set forth in "*The Mergers – Treatment of Loudpack Debentures*".

"**Loudpack Disclosure Schedules**" means the Disclosure Schedule attached to the Loudpack Merger Agreement delivered by the Sole Stockholder to Harborside in connection with the Loudpack Merger Agreement.

"**Loudpack Effective Time**" has the meaning set forth in "*Transaction Agreements – Loudpack Merger Agreement – Timing for Completion of Loudpack Merger*".

"**Loudpack Equity Consideration**" has the meaning set forth in "*The Mergers – Details of the Loudpack Merger – Calculation of Harborside and Loudpack Equity Values*".

"Loudpack Equity Value" means the implied equity value of Loudpack based on Loudpack's audited financial statements for the fiscal year ended December 31, 2020, and cash and the specified Indebtedness (which, include the principal amount of the Carryover Notes and the balance of the Inventory Prepayment), as of the end of the fiscal month prior to the closing of the Loudpack Merger, and other agreed adjustments, and an enterprise value to revenue multiple of 3.9x, and will otherwise be computed in accordance with the Loudpack Merger Agreement.

"**Loudpack Escrow Agent**" means the third-party escrow agent appointed under the Loudpack Escrow Agreement.

"**Loudpack Escrow Agreement**" means that certain escrow agreement by and among Harborside, the Sole Stockholder and the Loudpack Escrow Agent in respect of the Loudpack Equity Consideration to be deposited into escrow on the Loudpack Closing Date.

"**Loudpack Interim Financial Statements**" means the unaudited condensed consolidated interim financial statements of Loudpack as at and for the three and nine months ended September 30, 2021, together with the notes thereto**.**

"**Loudpack Lock-Up Agreement**" has the meaning set forth in "*The Mergers – Details of the Loudpack Merger – Lock-Up of Loudpack Equity Consideration*".

"**Loudpack Material Adverse Effect**" means any event, occurrence, fact, condition or change that is, or could reasonably be expected to become, individually or in the aggregate, materially adverse to (a) the business, results of operations, condition (financial or otherwise) or assets of Loudpack or its Subsidiaries, or (b) the authority or ability of Loudpack or its Subsidiaries to perform their obligations under the Loudpack Merger Agreement, or to consummate the transactions contemplated in the Loudpack Merger Agreement, in accordance with the terms thereof and applicable Law; provided, however, that "Loudpack Material Adverse Effect" does not include any event, occurrence, fact, condition or change attributable to: (i) general economic or political conditions; (ii) conditions affecting the industries in which Loudpack or its Subsidiaries operate (including but not limited to the cannabis industry); (iii) any changes in financial, banking or securities markets in general; (iv) a national emergency, acts of war (whether or not declared), armed hostilities or terrorism, or the escalation or worsening thereof; (v) natural disasters, or weather conditions, epidemics, pandemics, or disease outbreaks (including the COVID-19 virus), public health emergencies (as declared by the World Health Organization or the Health and Human Services Secretary of the United States; (vi) any changes in applicable Laws or accounting rules (including IFRS); or (vii) any action permitted or required by the Loudpack Merger Agreement.

"**Loudpack Merger**" means the merger of Loudpack and Loudpack Merger Subco pursuant to the terms of the Loudpack Merger Agreement and the other transactions contemplated by the Loudpack Merger Agreement related thereto.

"**Loudpack Merger Agreement**" means the Agreement and Plan of Merger and Reorganization by and among Harborside, Loudpack Merger Subco, Loudpack and the Sole Stockholder dated November

29, 2021 providing for, among other things, the Loudpack Merger, as the same may be amended, supplemented, restated or otherwise modified from time to time in accordance with the terms thereof.

"**Loudpack Merger Consideration**" has the meaning set forth in "*The Mergers – Details of the Loudpack Merger*".

"**Loudpack Merger End Date**" has the meaning set forth in "*Transaction Agreements – Loudpack Merger Agreement – End Date*".

"**Loudpack Merger Subco**" means LPF Merger Sub, Inc., a Delaware corporation and a wholly-owned Subsidiary of Harborside, incorporated for the purposes of carrying out the Loudpack Merger.

"**Loudpack Recipients**" has the meaning set forth in "Appendix K – *Information Concerning Loudpack*".

"**Loudpack Restructuring**" has the meaning set forth in "Appendix K – *Information Concerning Loudpack*".

"**Loudpack Support Agreement**" means the Merger and Debenture Restructuring Support Agreement among Harborside, Loudpack, certain members of the Sole Stockholder and certain other parties.

"**Loudpack Termination Fee**" has the meaning set forth in "*Transaction Agreements – Loudpack Merger Agreement – Termination of the Loudpack Merger Agreement – Termination Fees*".

"**Master Assignment Agreement**" has the meaning set forth in "Appendix K – *Information Concerning Loudpack*".

"**Maturity Date**" has the meaning set forth in "Appendix K – *Information Concerning Loudpack*".

"**MCTO**" has the meaning set forth in "Appendix M – *Information Concerning the Combined Company Following Completion of the Mergers".*

"**Merger Agreements**" means, collectively, the Loudpack Merger Agreement and the Urbn Leaf Merger Agreement.

"**Mergers**" means, collectively, the Loudpack Merger and Urbn Leaf Merger.

"**Minimum Merger Consideration**" has the meaning set forth in "*The Mergers – Details of the Urbn Leaf Merger – Calculation of Harborside and Urbn Leaf Equity Values*".

"**Mitsui**" has the meaning set forth in "Appendix K – *Information Concerning Loudpack*".

"**Multiple Shareholders**" means holders of Multiple Voting Shares.

"**Multiple Voting Shares**" means the multiple voting shares in the capital of Harborside entitling each holder thereof to 100 votes for each such share held.

"**Name Change**" means the change of the Corporation's name from "Harborside Inc." to "StateHouse Holdings Inc." in accordance with the Name Change Resolution.

"**Name Change Resolution**" has the meaning set forth in "*Business of the Harborside Meeting – Name Change Resolution*".

"**NI 45-102**" means National Instrument 45-102 – *Resale of Securities.*

"**NI 54-101**" means National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*.

"**NOBO**" has the meaning set forth in "*General Proxy Information – Voting Your Harborside Shares at the Harborside Meeting – Non-Registered Shareholders".*

"**Non-Registered Shareholders**" has the meaning set forth in "*General Proxy Information – Solicitation for Proxies".*

"**Notice of Special Meeting**" means the notice of special meeting of Harborside Shareholders accompanying the Circular.

"**OBCA**" means the *Business Corporations Act* (Ontario).

"**OBO**" has the meaning set forth in "*General Proxy Information – Voting Your Harborside Shares at the Harborside Meeting – Non-Registered Shareholders".*

"**Odyssey**" means Odyssey Trust Company, in its capacity as registrar and transfer agent for the Harborside Shares.

"**order**" has the meaning set forth in "Appendix M – *Information Concerning the Combined Company Following Completion of the Mergers".*

"**Order**" means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.

"**OTCQX**" means the OTCQX® Best Market, an over-the-counter stock exchange, by OTC Markets Group.

"**Ordinary Course**" means, with respect to an action taken by a party or any Subsidiary, that such action is consistent with the past practices of such party or such Subsidiary and is taken in the ordinary course of the normal day-to-day operations of the business of such party or such Subsidiary, or as commercially reasonable in light of changed circumstances of such party or such Subsidiary, but excludes non-arm's length transactions.

"**OSC**" has the meaning set forth in "Appendix M – *Information Concerning the Combined Company Following Completion of the Mergers".*

"**Overall Plan Limit**" has the meaning set forth in "*Business of the Harborside Meeting – Equity Incentive Plan Amendment Resolution*".

"**Payables Reduction**" has the meaning set forth in "Appendix K – *Information Concerning Loudpack*".

"**Pelorus**" means Pelorus Equity Group and its affiliates.

"**Pelorus Loan**" has the meaning set forth in "Appendix L – *Information Concerning Urbn Leaf*".

"**Permit**" means any permit, license, certificate (including a certificate of occupancy) registration, authorization, application, filing, notice, qualification, waiver of any of the foregoing or approval of a Governmental Authority.

"**Permitted Disposition**" means the sale of (a) the real property located at 1401 Evergreen Road, Redway, CA, (b) any other "Permitted Disposition" under the terms of the Loudpack Debentures, and (c) the sale of equipment in the ordinary course of the business of Loudpack.

"**Person**" means an individual, corporation, cooperative, partnership (including a general partnership, limited partnership or limited liability partnership), limited liability company, association, trust or other entity or organization, whether for-profit, not-for-profit or otherwise, and including a government, domestic or foreign, or political subdivision thereof, or an agency or instrumentality thereof.

"**PI Financial**" means PI Financial Corp.

"**PI Financial Loudpack Fairness Opinion**" means the opinion of PI Financial dated November 29, 2021 included in "Appendix H – *PI Financial Loudpack Fairness Opinion*" attached to this Circular to the effect that, as of the date thereof, the Loudpack Merger Consideration to be paid by Harborside is fair, from a financial point of view, to Harborside.

"**PI Financial Urbn Leaf Fairness Opinion**" means the opinion of PI Financial dated November 29, 2021 included in "Appendix I – *PI Financial Urbn Leaf Fairness Opinion*" attached to this Circular to the effect that, as of the date thereof, the Urbn Leaf Merger Consideration to be paid by Harborside is fair, from a financial point of view, to Harborside.

"**Prepaid Transaction Expenses**" means all fees, costs and expenses incurred by or on behalf of, or otherwise paid by Loudpack or any of its Subsidiaries that would be Transaction Expenses, but for the fact that they were paid by Loudpack prior to the closing of the Loudpack Merger.

"**Purchaser**" has the meaning set forth in "Appendix L – *Information Concerning Urbn Leaf*".

"**Qualifying Transaction**" means any transaction or series of transactions pursuant to which Harborside acquires at least eighty percent of the Bulk-Up Subsidiaries, as determined using the 2021 year to date revenue as of the date of the closing of such transaction, the consideration for which is predominately (but not necessarily exclusively) paid in the form of Subordinate Voting Shares (or securities convertible into Subordinate Voting Shares), substantially on the terms presented to the Sole Stockholder on the date of the Loudpack Merger Agreement.

"**Record Date**" means January 17, 2022.

"**Reduced Termination Fee**" has the meaning set forth in "*Transaction Agreements – Loudpack Merger Agreement – Termination of the Loudpack Merger Agreement – Termination Fees*".

"**Registered Shareholders**" has the meaning set forth in "*General Proxy Information – Who Can Vote?*".

"**Regulation S**" means Regulation S promulgated under the U.S. Securities Act.

"**Regulatory License**" means each Permit, license and related approvals authorizing Urbn Leaf or any Subsidiary to operate in the State of California that can lawfully cultivate, produce, process and sell medical cannabis and cannabis products.

"**Representative**" means, with respect to any Person, any and all directors, managers, officers, employees, consultants, financial advisors, counsel, accountants and other agents of such Person.

"**Rights**" has the meaning set forth in "*Business of the Harborside Meeting – Shareholder Rights Plan Resolution*".

"**RTO**" has the meaning set forth in "*General Proxy Information – Voting Securities and Principal Shareholders*".

"**Rule 144**" means Rule 144 under the U.S. Securities Act.

"**Salinas Facility**" has the meaning set forth in "Appendix M – *Information Concerning the Combined Company Following Completion of the Mergers*".

"**San Ysidro**" has the meaning set forth in "Appendix L – *Information Concerning Urbn Leaf*".

"**San Ysidro Promissory Note**" has the meaning set forth in "Appendix L – *Information Concerning Urbn Leaf*".

"**SEC**" means the U.S. Securities and Exchange Commission.

"**Securities Laws**" means (a) the *Securities Act* (Ontario), the rules, regulations and published policies made thereunder, and any other applicable provincial or territorial securities Laws, (b) the U.S. Securities Act, the Exchange Act and the rules and regulations promulgated thereunder, to the extent applicable, and (c) the policies, rules and regulations of the CSE.

"**Senior Carryover Notes**" has the meaning set forth in "Appendix K – *Information Concerning Loudpack*".

"**Senior Debentures**" has the meaning set forth in "*The Mergers – Treatment of Loudpack Debentures*".

"**Series A Financing**" has the meaning set forth in "Appendix L – *Information Concerning Urbn Leaf*".

"**Series A Preferred Holders Credit Agreement**" has the meaning set forth in "Appendix L – *Information Concerning Urbn Leaf*".

"**Schmults**" has the meaning set forth in "Appendix M – *Information Concerning the Combined Company Following Completion of the Mergers*".

"**Schmults Agreement**" has the meaning set forth in "Appendix M – *Information Concerning the Combined Company Following Completion of the Mergers*".

"**Share Issuance Percentage**" means the percentage determined by dividing the Loudpack Equity Value by the Total Equity Value; provided, however, that in no event will the Share Issuance Percentage be greater than 49.0%.

"**Share Issuance Resolution**" has the meaning set forth in "*Business of the Harborside Meeting – Share Issuance*".

"**Shareholder Rights Plan**" means the Shareholder Rights Plan Agreement between Harborside and Odyssey, as rights agent, dated May 31, 2019.

"**Significant Interest**" has the meaning set forth in "*General Proxy Information – Redemption*".

"**Smokiez License Agreement**" has the meaning set forth in "Appendix K – *Information Concerning Loudpack*".

"**Sole Stockholder**" means LPF Holdco, LLC, a Delaware limited liability company, the sole stockholder of Loudpack, or its assigns.

"**Sole Stockholder Adverse Recommendation Change**" means the Sole Stockholder Board: (a) failing to make, withdrawing, amending, modifying, or materially qualifying in a manner adverse to Harborside or the Sole Stockholder Board Recommendation; (b) failing to include the Sole Stockholder Board Recommendation in the soliciting materials provided to the members of the Sole Stockholder; (c) recommending a Takeover Proposal; (d) failing to recommend against acceptance of any tender offer or exchange offer for the membership interest of Loudpack within 10 Business Days after the commencement of such offer; (e) failing to reaffirm (publicly, if so requested by Harborside) the Sole Stockholder Board Recommendation within 10 Business Days after the date any Takeover Proposal (or material modification thereto) is first publicly disclosed by Loudpack or the Person making such Takeover Proposal; (f) making any public statement inconsistent with the Sole Stockholder Board Recommendation; or (g) resolving or agreeing to take any of the foregoing actions.

"**Sole Stockholder Board**" means the board of the Sole Stockholder as that term is defined in the operating agreement of the Sole Stockholder.

"**Sole Stockholder Board Recommendation**" means the Sole Stockholder Board, by resolutions duly adopted by a unanimous vote at a meeting of the Sole Stockholder Board duly called and held and, not

subsequently rescinded or modified in any way, having (a) directed that the Loudpack Merger Agreement be submitted to a vote of the Voting Members at a duly called meeting or by written consent; and (b) resolved to recommend that the Voting Members vote in favor of adoption of the Loudpack Merger Agreement in accordance with the DGCL.

"**SRP Resolution**" has the meaning set forth in "*Business of the Harborside Meeting – Shareholder Rights Plan Resolution*".

"**Sub I**" has the meaning set forth in "Appendix K – *Information Concerning Loudpack*".

"**Sub II**" has the meaning set forth in "Appendix K – *Information Concerning Loudpack*".

"**Sublime**" means Sublimation Inc., a Delaware corporation and a wholly-owned Subsidiary of Harborside.

"**Subordinate Shareholders**" means holders of Subordinate Voting Shares.

"**Subordinate Voting Shares**" means the subordinate voting shares in the capital of Harborside entitling the holders thereof to one vote for each such share held.

"**Subordinated Debentures**" has the meaning set forth in "*The Mergers – Treatment of Loudpack Debentures*".

"**Subsidiary**" means a corporation, partnership, limited liability company, or other business entity of which a majority of the shares of voting securities is at the time beneficially owned, or the management of which is otherwise controlled, directly or indirectly, through one or more intermediaries, or both, by Harborside, Urbn Leaf or Loudpack, as applicable; provided however, that in the case of Loudpack, "Subsidiaries" does not include Altum LPF LLC, a Delaware limited liability company, LPF North LLC, a Delaware limited liability company, and Hemp Investors, LLC, a Delaware limited liability company.

"**Superior Proposal**" means a bona fide written Takeover Proposal with respect to the applicable party or its Subsidiaries that such party's board of directors determines in good faith (after consultation with outside legal counsel and such party's financial advisor) is more favorable from a financial point of view to the holders of such party's capital stock than the transactions contemplated by the Loudpack Merger Agreement, taking into account: (a) all financial considerations; (b) the identity of the third party making such Takeover Proposal; (c) the anticipated timing, conditions (including any financing condition or the reliability of any debt or equity funding commitments) and prospects for completion of such Takeover Proposal; (d) the other terms and conditions of such Takeover Proposal and the implications thereof on such party, including relevant legal, regulatory, and other aspects of such Takeover Proposal deemed relevant by such party (including any conditions relating to financing, stockholder approval, regulatory approvals, or other events or circumstances beyond the control of the party invoking the conditions); and (e) any revisions to the terms of the Loudpack Merger Agreement and the Loudpack Merger contemplated by the Loudpack Agreement proposed by the other party during the Superior Proposal Notice Period.

"**Superior Proposal Notice Period**" has the meaning set forth in "*Transaction Agreements – Loudpack Merger Agreement – Covenants – Covenants Regarding Non-Solicitation and Acquisition Agreements – Right to Match and Acceptance of Superior Proposals*".

"**Surviving Company**" (a) in the case of the Loudpack Merger, means the surviving company from the merger of Loudpack and Loudpack Merger Subco, being Loudpack; and (b) in the case of the Urbn Leaf Merger, means the surviving company from the merger of Urbn Leaf and Urbn Leaf Merger Subco, being Urbn Leaf.

"**SVS Warrant**" has the meaning set forth in "Appendix J – *Information Concerning Harborside*".

"**Takeover Proposal**" means (a) in the case of the Loudpack Merger Agreement, with respect to Loudpack or Harborside as the case may be, an inquiry, proposal, or offer from, or indication of interest in making a proposal or offer by, any Person or group relating to any transaction or series of related transactions (other than the transactions contemplated by the Loudpack Merger Agreement (including without limitation the Qualifying Transactions)), involving any: (i) direct or indirect acquisition of assets of such party to the Loudpack Merger Agreement or its Subsidiaries (including any voting equity interests of Subsidiaries, but excluding sales of assets in the ordinary course of business) equal to 20% or more of the fair market value of such party and its Subsidiaries' consolidated assets or to which 20% or more of such party's and its Subsidiaries' net revenues or net income on a consolidated basis are attributable; (ii) direct or indirect acquisition of 20% or more of the voting equity interests of such party to the Loudpack Merger Agreement or any of its Subsidiaries whose business constitutes 20% or more of the consolidated net revenues, net income, or assets of such party and its Subsidiaries, taken as a whole; (iii) tender offer or exchange offer that if consummated would result in any Person or group (as defined in Section 13(d) of the Exchange Act) beneficially owning (within the meaning of Section 13(d) of the Exchange Act) 20% or more of the voting power of such party to the Loudpack Merger Agreement; (iv) merger, consolidation, other business combination, or similar transaction involving such party thereto or any of its Subsidiaries, pursuant to which such Person or group (as defined in Section 13(d) of the Exchange Act) would own 20% or more of the consolidated net revenues, net income, or assets of such party and its Subsidiaries, taken as a whole; (v) liquidation, dissolution (or the adoption of a plan of liquidation or dissolution), or recapitalization or other significant corporate reorganization of such party to the Loudpack Merger Agreement or one or more of its Subsidiaries which, individually or in the aggregate, generate or constitute 20% or more of the consolidated net revenues, net income, or assets of such party and its Subsidiaries, taken as a whole; or (vi) any combination of the foregoing; provided, however, that a Permitted Disposition will neither constitute, nor count against, a Takeover Proposal; or (b) in the case of the Urbn Leaf Merger Agreement, means with respect to Urbn Leaf or the Harborside, as the case may be, an inquiry, proposal, or offer from, or indication of interest in making a proposal or offer by, any Person or group relating to any transaction or series of related transactions (other than the transactions contemplated by the Urbn Leaf Merger Agreement and transaction currently contemplated to be consummated by Harborside of which Urbn Leaf has knowledge as of the date of the Urbn Leaf Merger Agreement), involving any: (i) direct or indirect acquisition of assets of such party to the Loudpack Merger Agreement or its Subsidiaries (including any voting equity interests of Subsidiaries, but excluding sales of assets in the Ordinary Course of business) equal to 15% or more of the fair market value of such party and its Subsidiaries' consolidated assets or to which 15% or more of such party's and its Subsidiaries' net revenues or net income on a consolidated basis are attributable; (ii) direct or indirect acquisition of 15% or more of the voting equity interests of such party to the Urbn Leaf Merger Agreement or any of its Subsidiaries whose business constitutes 15% or more of the consolidated net revenues, net income, or assets of such party and its Subsidiaries, taken as a whole; (iii) tender offer or exchange offer that if consummated would result in any Person or group (as defined in Section 13(d) of the Exchange Act) beneficially owning (within the meaning of Section 13(d) of the Exchange Act) 15% or more of the voting power of such party to the Urbn Leaf Merger Agreement; (iv) merger, consolidation, other business combination, or similar transaction involving such party to the Urbn Leaf Merger Agreement or any of its Subsidiaries, pursuant to which such Person or group (as defined in Section 13(d) of the Exchange Act) would own 15% or more of the consolidated net revenues, net income, or assets of such party and its Subsidiaries, taken as a whole; (v) liquidation, dissolution (or the adoption of a plan of liquidation or dissolution), or recapitalization or other significant corporate reorganization of such party to the Urbn Leaf Merger Agreement or one or more of its Subsidiaries which, individually or in the aggregate, generate or constitute 15% or more of the consolidated net revenues, net income, or assets of such party and its Subsidiaries, taken as a whole; or (vi) any combination of the foregoing.

"**Target Net Working Capital**" means the number as defined and determined in accordance with Schedule A to the Ubrn Leaf Merger Agreement.

"**Tax(es)**" means any federal, state, local or non-U.S. tax, charge, fee, levy, custom, duty, deficiency, or other assessment of any kind or nature whatsoever imposed by any Taxing Authority (including,

without limitation, any income (net or gross), gross receipts, profits, windfall profit, premium, customs duty, capital stock, sales, use, goods and services, ad valorem, franchise, license, stamp, withholding, employment, social security (or similar), workers compensation, unemployment compensation, disability, employment, payroll, severance, occupation, transfer, excise, import, real property, personal property, intangible property, occupancy, registration, recording, value added, minimum, unclaimed property, escheat payments, alternative minimum, environmental or estimated tax), including any liability therefor as a transferee (including under Section 6901 of the Internal Revenue Code of 1986, as amended, or similar provision of applicable Law) or successor, as a result of Treasury Regulation Section 1.1502-6 or similar provision of applicable Law, together with any interest, penalty, additions to tax or additional amount imposed with respect thereto.

"**Taxing Authority**" means the Internal Revenue Service and any other Governmental Authority responsible for the collection, assessment or imposition of any Tax or the administration of any Law relating to any Tax.

"**Total Equity Value**" means an amount equal to the Harborside Equity Value plus the Loudpack Equity Value.

"**Transaction Expenses**" means all fees, costs and expenses incurred by or on behalf of, or otherwise payable by Loudpack or any of its Subsidiaries that have not been paid as of the closing of the Loudpack Merger and that will become or remain a liability of Loudpack or any of its Subsidiaries (a) to third parties in connection with the consideration, preparation, documentation, execution and consummation of the transactions contemplated by the Loudpack Merger Agreement or any alternative transactions, including fees and disbursements of Loudpack or any of its Subsidiaries, attorneys, financial advisors, accountants and other advisors and service providers, and (b) in respect of any bonus, severance or other payment or other form of compensation or benefits that is created, accelerated, accrues or becomes payable by Loudpack or any of its Subsidiaries in connection with the consummation of the transactions contemplated by the Loudpack Merger Agreement, to any present or former manager/director, shareholder, employee, independent contractor or consultant thereof, including pursuant to any employment or consulting agreement, benefit plan or any other Contract, including any Taxes of Loudpack or any of its Subsidiaries as an employer payable on or triggered by any such payment, provided, however, the Transaction Expenses will not exceed the amounts disclosed to Harborside on the date of the Loudpack Merger Agreement.

"**U.S. Securities Act**" means the U.S. Securities Act of 1933, as amended.

"**UL Loan**" has the meaning set forth in "Appendix L – *Information Concerning Urbn Leaf*".

"**United States**" means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia.

"**Unsuitable Person**" has the meaning set forth in "*General Proxy Information – Redemption*".

"**Urbn Leaf**" means UL Holdings Inc. a California corporation.

"**Urbn Leaf Annual Financial Statements**" means the audited consolidated financial statements of Urbn Leaf for the financial years ended December 31, 2020 and 2019, together with the accompanying notes thereto and auditors' report thereon.

"**Urbn Leaf Closing Date**" means the closing date of the Urbn Leaf Merger.

"**Urbn Leaf Closing Statement**" has the meaning set forth in "*The Mergers – Details of the Urbn Leaf Merger – Calculation of Harborside and Urbn Leaf Equity Values*".

"**Urbn Leaf Common Stock**" means issued and outstanding common stock, no par value per share, of Urbn Leaf.

"**Urbn Leaf Disclosure Schedules**" means the Disclosure Schedule attached to the Urbn Leaf Merger Agreement delivered by Urbn Leaf to Harborside in connection with the Urbn Leaf Merger Agreement.

"**Urbn Leaf Effective Time**" has the meaning set forth in "*The Mergers – The Urbn Leaf Merger Agreement – Timing for Completion of the Urbn Leaf Merger*".

"**Urbn Leaf Equity Value**" means the implied equity value of Urbn Leaf based on the Urbn Leaf's audited financial statements for the fiscal year ended December 31, 2020, cash, the specified Indebtedness (which, for the avoidance of doubt includes any bridge financing provided by Harborside), and the Target Net Working Capital as of the end of the fiscal month prior to Urbn Leaf Closing Date, and an enterprise value to revenue multiple of 3.0x, all as computed in accordance with the Urbn Leaf Merger Agreement.

"**Urbn Leaf Escrow Agent**" means the third-party escrow agent appointed under the Urbn Leaf Escrow Agreement.

"**Urbn Leaf Escrow Agreement**" means that certain escrow agreement by and among Harborside, the Urbn Leaf Shareholder Representative and the Urbn Leaf Escrow Agent in respect of the Urbn Leaf Merger Consideration to be deposited into escrow on the Urbn Leaf Closing Date.

"**Urbn Leaf Lock-Up Agreement**" has the meaning set forth in "*The Mergers – Details of the Urbn Leaf Merger – Lock-Up of Urbn Leaf Merger Consideration*".

"**Urbn Leaf Locked-Up Shareholders**" has the meaning set forth in "*The Mergers – Details of the Urbn Leaf Merger – Lock-Up of Urbn Leaf Merger Consideration*".

"**Urbn Leaf Material Adverse Effect**" means any event, occurrence, fact, condition or change that is individually or in the aggregate, materially adverse to (a) the business, results of operations, condition (financial or otherwise) or assets of Urbn Leaf and the Subsidiaries taken as a whole, or (b) the authority or ability of Urbn Leaf and the Subsidiaries taken as a whole to perform their obligations hereunder, or to consummate the transactions contemplated in the Urbn Leaf Agreement, in accordance with the terms thereof and applicable Law; provided, however, that "Urbn Leaf Material Adverse Effect" does not include any event, occurrence, fact, condition or change, directly or indirectly, arising out of or attributable to: (i) general economic or political conditions; (ii) conditions affecting the industries in which Urbn Leaf or the Subsidiaries operate (including but not limited to the cannabis industry); (iii) any changes in financial, banking or securities markets in general; (iv) a national emergency, acts of war (whether or not declared), armed hostilities or terrorism, or the escalation or worsening thereof; (v) natural disasters, or weather conditions, epidemics, pandemics, or disease outbreaks (including the COVID-19 virus), public health emergencies (as declared by the World Health Organization or the Health and Human Services Secretary of the United States or (vi) any changes in applicable Laws or accounting rules (including IFRS); (vii) the announcement, pendency or completion of the transactions contemplated by the Urbn Leaf Merger Agreement, including losses or threatened losses of employees, customers, suppliers, distributors or other having relationships with Urbn Leaf or the Subsidiaries; (viii) any action required or permitted by the Urbn Leaf Merger Agreement or any action taken (or omitted to be taken) with the written consent of or at the written request of Harborside (ix) any matter of which Harborside is aware on the date of the Urbn Leaf Merger Agreement; or (x) any failure by Urbn Leaf or the Subsidiaries to meet any internal or published projections, forecasts or revenue or earnings predictions (provided that the underlying causes of such failures (subject to the other provisions of this definition) will not be excluded); provided, however, that any event, occurrence, fact, effect, condition or change referred to in clauses (i) through (ix) immediately above will be taken into account in determining whether a Material Adverse Effect has occurred or could reasonably be expected to occur to the extent that such event, occurrence, fact, effect, condition or change has a disproportionate effect on Urbn Leaf compared to other participants in the industries in which Urbn Leaf conducts its businesses.

"**Urbn Leaf Merger**" means the merger of Urbn Leaf and Urbn Leaf Merger Subco pursuant to the terms of the Urbn Leaf Merger Agreement and the other transactions contemplated by the Urbn Leaf Merger Agreement related thereto.

"**Urbn Leaf Merger Agreement**" means the Agreement and Plan of Merger and Reorganization by and among Harborside, Urbn Leaf Merger Subco and Urbn Leaf dated November 29, 2021 providing for, among other things, the Urbn Leaf Merger, as the same may be further amended, supplemented, restated or otherwise modified from time to time in accordance with the terms thereof.

"**Urbn Leaf Merger Consideration**" means "*The Mergers – Details of the Urbn Leaf Merger – Calculation of Harborside and Urbn Leaf Equity Values*".

"**Urbn Leaf Merger End Date**" has the meaning set forth in "*Transaction Agreements – Urbn Leaf Merger Agreement – End Date*".

"**Urbn Leaf Merger Subco**" means Saturn Merger Sub, Inc., a Delaware corporation and a wholly-owned Subsidiary of Harborside, incorporated for the purposes of carrying out the Urbn Leaf Merger.

"**Urbn Leaf Preferred Stock**" means the Series A Preferred Stock of Urbn Leaf.

"**Urbn Leaf Shareholder Representative**" means Momentum Capital Group LLC, solely in its capacity as the representative of the Urbn Leaf Shareholders.

"**Urbn Leaf Shareholders**" means the shareholders of Urbn Leaf.

"**Urbn Leaf Support Agreement**" has the meaning set forth in "*Regulatory Matters and Approvals – Shareholder Approvals – Urbn Leaf Shareholder Approval*".

"**Urbn Leaf Termination Fee**" has the meaning set forth in "*The Urbn Leaf Merger Agreement – Termination of the Urbn Leaf Merger Agreement – Termination Fees*".

"**U.S. GAAP**" means the United States' Generally Accepted Accounting Principles.

"**U.S. Residents**" has the meaning set forth in "*General Proxy Information – Voting Securities and Principal Shareholders*".

"**VIF**" means a voting instruction form.

"**Voting Members**" means the voting members of the Sole Stockholder entitled to vote at a duly called meeting or by written consent, the adoption of the Loudpack Merger Agreement in accordance with the DGCL.

"**Warrant Indenture**" has the meaning set forth in "*The Mergers – Issuance of Consideration Warrants*".

"**West Vista**" has the meaning set forth in "Appendix L – *Information Concerning Urbn Leaf*".

"**West Vista Promissory Note**" has the meaning set forth in "Appendix L – *Information Concerning Urbn Leaf*".

"**2017 Borrowers**" has the meaning set forth in "Appendix K – *Information Concerning Loudpack*".

"**2017 Loan**" has the meaning set forth in "Appendix K – *Information Concerning Loudpack*".

"**2017 Loan Agreement**" has the meaning set forth in "Appendix K – *Information Concerning Loudpack*".

MANAGEMENT INFORMATION CIRCULAR

Introduction

This Circular is being delivered in connection with the solicitation of proxies by and on behalf of management of Harborside for use at the special meeting of Harborside Shareholders to be held at 11:00 a.m. (Toronto time) on February 22, 2022 (the "**Harborside Meeting**"), and any adjournment or postponement thereof.

The Harborside Meeting will be accessible online at http://web.lumiagm.com/256406441 starting at 11:00 a.m. (Toronto time) on February 22, 2022. Harborside is holding the Harborside Meeting as a completely virtual meeting, which will be conducted via live webcast, where all Harborside Shareholders regardless of geographic location will have an equal opportunity to participate in the Harborside Meeting online. Harborside Shareholders will not be able to attend the Harborside Meeting in person. For more information on how to virtually attend and participate in the Harborside Meeting, please see the Notice of Special Meeting of Shareholders. See also "*General Proxy Information*" in this Circular.

No Person has been authorized to give any information or make any representation in connection with the Mergers and the issuance of Subordinate Voting Shares in connection therewith, or any other matters to be considered at the Harborside Meeting, as applicable, or discussed in or incorporated by reference in this Circular other than those contained in this Circular and, if given or made, any such information or representation must not be relied upon as having been authorized by Harborside and should not be relied upon in making a decision as to how to vote on the resolutions to be considered at the Harborside Meeting. For greater certainty, to the extent that any information contained or provided on Harborside's website is inconsistent with this Circular, you should rely on the information provided in this Circular. Information contained on Harborside's website is not and is not deemed to be a part of this Circular or incorporated by reference herein and should not be relied upon in making a decision as to how to vote on the resolutions to be considered at the Harborside Meeting.

This document is important and requires your immediate attention. If you have any questions or require assistance, you should consult your investment dealer, broker, bank manager, lawyer or other professional advisor.

Information Contained in this Circular

Descriptions in this Circular of the terms of the Loudpack Merger Agreement, Urbn Leaf Merger Agreement and the Fairness Opinions are summaries of the terms of those documents and are qualified in their entirety by reference to the full text of each of these documents. The Fairness Opinions are included as "Appendix H – *PI Financial Loudpack Fairness Opinion*" and "Appendix I – *PI Financial Urbn Leaf Fairness Opinion*" attached to this Circular and the Loudpack Merger Agreement and Urbn Leaf Merger Agreement are available under Harborside's profile on SEDAR at www.sedar.com are **You are urged to carefully read the full text of these documents. In the event of any inconsistency between the summary of any provision of these documents contained in this Circular and the actual text of the document, the text of the applicable document will govern.**

All capitalized terms used in this Circular but not otherwise defined herein have the meanings set forth under *"Glossary of Terms"*. Information contained in this Circular is given as at January 18, 2022 unless otherwise specifically stated and except that information in documents incorporated by reference is given as of the dates noted therein.

This Circular does not constitute an offer to sell or a solicitation of an offer to purchase any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation of an offer or proxy solicitation. Neither delivery of this Circular nor any distribution of the securities referred to in this Circular will,

under any circumstances, create an implication that there has been no change in the information set forth herein since the date of this Circular.

Harborside Shareholders should not construe the contents of this Circular as legal or financial advice and should consult with their own legal, financial or other professional advisors in considering the relevant legal, financial or other matters contained in this Circular.

THIS CIRCULAR AND THE TRANSACTIONS CONTEMPLATED BY THE MERGER AGREEMENTS HAVE NOT BEEN APPROVED OR DISAPPROVED BY ANY SECURITIES REGULATORY AUTHORITY NOR HAS ANY SECURITIES REGULATORY AUTHORITY PASSED UPON THE FAIRNESS OR MERITS OF SUCH TRANSACTIONS OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

Information Concerning Loudpack

Except as otherwise indicated, the information concerning Loudpack contained in this Circular has been provided by Loudpack. Although Harborside has no knowledge that any statements contained herein taken from or based on such information provided by Loudpack are untrue or incomplete, neither Harborside nor any of its officers or directors assumes any responsibility for the completeness or accuracy of such information, nor any failure by Loudpack or any of its affiliates or representatives to disclose facts or events which may have occurred or may affect the completeness or accuracy of any such information but which are unknown to Harborside. In accordance with the Loudpack Merger Agreement, Loudpack provided all necessary information concerning Loudpack that is required by Law to be included in this Circular and ensured that such information does not contain any misrepresentations.

Information concerning Loudpack is included in "Appendix K – *Information Concerning Loudpack*" attached to this Circular. Financial information of Loudpack may be found in the Loudpack Annual Financial Statements and Loudpack Interim Financial Statements included in "Appendix N – *Loudpack Audited Annual Financial Statements*" and "Appendix O – *Loudpack Unaudited Interim Financial Statements*", respectively, attached to this Circular.

Information Concerning Urbn Leaf

Except as otherwise indicated, the information concerning Urbn Leaf contained in this Circular has been provided by Urbn Leaf. Although Harborside has no knowledge that any statements contained herein taken from or based on such information provided by Urbn Leaf are untrue or incomplete, neither Harborside nor any of its officers or directors assumes any responsibility for the completeness or accuracy of such information, nor any failure by Urbn Leaf or any of its affiliates or representatives to disclose facts or events which may have occurred or may affect the completeness or accuracy of any such information but which are unknown to Harborside. In accordance with the Urbn Leaf Merger Agreement, Urbn Leaf provided all necessary information concerning Urbn Leaf that is required by Law to be included in this Circular and ensured that such information does not contain any misrepresentations.

Information concerning Urbn Leaf is included in "Appendix L – *Information Concerning Urbn Leaf*" attached to this Circular. Financial information of Urbn Leaf may be found in the Urbn Leaf Annual Financial Statements included in "Appendix P – *Urbn Leaf Audited Annual Financial Statements*", attached to this Circular.

Solicitation of Proxies

To encourage your vote participation, you may be contacted by directors, officers, employees, consultants or agents of Harborside, by telephone, email, Internet, facsimile, in person or by other means of communication. The total cost of soliciting proxies and mailing the materials for the Harborside Meeting to Harborside Shareholders will be borne by Harborside. Harborside may use Broadridge's

QuickVote™ service to assist eligible Non-Registered Shareholders with voting their Harborside Shares.

Harborside will pay for an Intermediary to deliver copies of proxy-related materials in connection with the Harborside Meeting to "objecting beneficial owners".

Non-IFRS Financial Performance Measures

This Circular and the documents incorporated by reference present certain measures, including "Adjusted EBITDA", "Adjusted Gross Profit" and "Adjusted Gross Margin". Harborside believes that these measures, in addition to information prepared in accordance with IFRS, provide investors with useful information to assist in their evaluation of Harborside's performance and ability to generate cash flow from its operations. Accordingly, these measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. See the Harborside Annual MD&A and the Harborside Interim MD&A which are incorporated by reference in this Circular for more information, including a reconciliation of non-IFRS financial performance measures to most directly comparable IFRS measures.

Information for Shareholders not Resident in Canada

Harborside is a corporation organized under the laws of the Province of Ontario. The solicitation of proxies involves securities of a Canadian issuer and is being effected in accordance with applicable corporate and securities laws in Canada. Harborside Shareholders should be aware that the requirements applicable to Harborside under Canadian laws may differ from requirements under corporate and securities laws relating to corporations in other jurisdictions.

The enforcement of civil liabilities under the securities laws of other jurisdictions outside Canada may be affected adversely by the fact that Harborside is organized under the laws of the Province of Ontario and several of its directors and executive officers are residents of Canada. You may not be able to sue Harborside and/or its directors or officers in a Canadian court for violations of foreign securities laws. It may be difficult to compel Harborside to subject themselves to a judgment of a court outside Canada.

Presentation of Financial Information

The historical financial statements and all other financial information of Harborside included or incorporated by reference in this Circular are reported in U.S. dollars and have been prepared, and where applicable, audited, in accordance with IFRS.

The Loudpack Annual Financial Statements were audited in accordance with IFRS and are reported in U.S. dollars.

The Urbn Leaf Annual Financial Statements were audited in accordance with IFRS and are reported in U.S. dollars.

Currency Exchange Rate Information

Canadian dollars are reported as $ or C$ and United States dollars are reported as US$.

The following table sets forth the high and low daily exchange rates for one U.S. dollar expressed in Canadian dollars for each period indicated, the average of the daily exchange rates for each period indicated and the exchange rate at the end of each such period, based upon the daily exchange rates provided by the Bank of Canada:

	Nine Months Ended September 30		Year Ended December 31	
	2021	**2020**	**2020**	**2019**
Rate at end of period	1.2741	1.3339	1.2732	1.2988
Average rate during period	1.2513	1.3541	1.3415	1.3269
High	1.2856	1.4496	1.4496	1.3600
Low	1.2040	1.2970	1.2718	1.2988

On November 26, 2021, the Business Day immediately prior to the date of the Loudpack Merger Agreement and Urbn Leaf Merger Agreement, the average daily exchange rate as reported by the Bank of Canada was US$1.00 = C$1.2771 or C$1.00 =US$0.7830. On January 17, 2022, the Business Day immediately prior to the date of this Circular, the average daily exchange rate as reported by the Bank of Canada was US$1.00 = C$1.2520 or C$1.00 =US$0.7987

Cautionary Statement Regarding Forward-Looking Information

This Circular contains forward-looking statements and forward-looking information within the meaning of applicable Canadian securities legislation and which are based on the currently available competitive, financial and economic data and operating plans of management of Harborside as of the date hereof unless otherwise stated. Forward-looking statements are provided for the purpose of presenting information about Harborside's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. Although Harborside believes that expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. These statements relate to future events or future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of any of the words "expect", "anticipate", "continue", "estimate", "forecast", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends", "seek", "potential" or the negative of such terms and similar expressions.

More particularly and without limitation, this Circular contains forward-looking statements and information concerning: the Harborside Meeting; the solicitation of proxies by Harborside; the reasons for, and anticipated benefits of, the Mergers, to the parties thereto and their respective securityholders, including corporate, operational, financial, scale and other synergies and the timing thereof; the structure, steps, timing and effects of each of the Loudpack Merger and Urbn Leaf Merger; the Combined Company's future business prospects, plans, revenues, financial strength, market and growth profile and overall strategy and performance; estimates of future cultivation, production and distribution capabilities; expectations regarding the Combined Company's position in the California cannabis sector; expectations of improved efficiencies, financial flexibility, future product offerings and integration opportunities; comparisons of the Combined Company to other cannabis issuers in California; the ability of the Harborside Board to oversee the Combined Company's business strategy following completion of the Mergers and safeguard the interests of all shareholders and preserve and enhance shareholder value; expectations regarding the evolution of the regulatory landscape for cannabis and cannabis derivative products; the competitive conditions of the cannabis industry and the competitive and business strategies of Harborside following completion of the Mergers; expectations that increased scale and vertical integration will drive margin expansion; expectations regarding the effective time of the Mergers; the satisfaction or waiver of all conditions to complete the Mergers and the receipt of all required shareholder and regulatory approvals; the anticipated number of Subordinate Voting Shares to be issued pursuant to the Mergers, including the Subordinate Voting Shares to be issued upon exercise of the Consideration Warrants; the relative ownership of the Combined Company by securityholders of Harborside, Loudpack and Urbn Leaf; the consequences to Harborside if the Mergers are not completed; the consideration and compensation be paid to certain directors and officers

of the Combined Company following completion of the Mergers; the timing, receipt and conditions of required regulatory and shareholder approvals for the Mergers, including but not limited to the receipt of HSR Approval, the approval of the Share Issuance Resolution by the Harborside Shareholders and the ability of Harborside, Loudpack and Urbn Leaf to satisfy the other conditions to the Mergers, as applicable; the anticipated expenses of the Mergers; the composition of the shareholders, board of directors and management team of the Combined Company following the Mergers; the governance and management structure of the Combined Company; the corporate and capital structure of the Combined Company; the anticipated capitalization of the Combined Company on a consolidated basis following completion of the Mergers; the expected operations for the Combined Company following completion of the Mergers; Harborside losing its status as a "foreign private issuer" under U.S. securities laws, and other events or conditions that may occur in the future.

In respect of the forward-looking statements and forward-looking information concerning the anticipated benefits of the Mergers, the anticipated timing for completion of the Mergers and the operations of the Combined Company following the completion of the Mergers, Harborside has provided such in reliance on certain assumptions that it believes are reasonable at this time, including assumptions as to the ability of the parties to receive, in a timely manner and on satisfactory terms, the necessary regulatory, stock exchange and shareholder approvals, including but not limited to the receipt of HSR Approval and the approval of the Share Issuance Resolution by the Harborside Shareholders; the ability of the parties to satisfy, in a timely manner, the other conditions to the closing of the Mergers and the completion of the Mergers on expected terms; the ability to successfully integrate Harborside, Loudpack and Urbn Leaf in a timely manner following completion of the Mergers; customer demand for the Combined Company's products following completion of the Mergers; the ability of the Combined Company to expand its production, cultivation and distribution capabilities as anticipated; the sufficiency of budgeted capital expenditures in carrying out planned operations and activities; the availability and cost of labour and services; the success of the Combined Company's future operations; future operating costs; the impact of the Merger and the dedication of substantial resources from the parties to pursuing the Merger on the parties' ability to maintain their current business relationships (including with current and prospective employees, customers, distributors, suppliers and partners) and their current and future operations, financial condition and prospects; the impact of COVID-19 on the businesses of Harborside, Loudpack and Urbn Leaf and the economy in general; no unforeseen changes in the legislative and operating framework for the cannabis industry and other expectations and assumptions concerning the Mergers and the operations of the Combined Company. The anticipated dates provided may change for a number of reasons, including unforeseen delays in the ability to secure the necessary regulatory, stock exchange or shareholder approvals in the time assumed or the need for additional time to satisfy the other conditions to the completion of the Mergers. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this Circular, and Harborside can give no assurances that they will prove to be correct.

Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. Risks and uncertainties inherent in the nature of the Mergers include, among other things:

- the approval of the Share Issuance Resolution by the Harborside Shareholders;
- required regulatory and third-party approvals necessary to complete the Mergers, including, without limitation, receipt of HSR Approval, may not be obtained, or conditions may be imposed in connection with such approvals that will increase the costs associated with or have other negative implications for Harborside on a consolidated basis following completion of the Mergers;
- litigation relating to the Mergers may be commenced which may prevent, delay or give rise to significant costs or liabilities on the part of Harborside, Loudpack or Urbn Leaf;

- the parties may discover previously undisclosed liabilities following the completion of the Mergers;
- termination of the Loudpack Merger Agreement by either of Harborside or Loudpack, on the one hand, and termination of the Urbn Leaf Merger Agreement by either of Harborside or Urbn Leaf, on the other hand;
- Harborside may be required to pay the Loudpack Termination Fee or the Reduced Termination Fee to Loudpack in certain circumstances if the Loudpack Merger Agreement is terminated;
- Harborside may be required to pay the Urbn Leaf Termination Fee to Urbn Leaf in certain circumstances if the Urbn Leaf Merger Agreement is terminated;
- the focus of management's time and attention on the Mergers may detract from other aspects of the respective businesses of Harborside, Loudpack and Urbn Leaf, as the case may be;
- the anticipated benefits and value creation from the Mergers may not be realized, or may not be realized in the expected timeframes;
- dilution and share price volatility, including a material decrease in the trading price of the Subordinate Voting Shares may occur which could result in a failure of the Loudpack Merger or Urbn Leaf Merger, as the case may be, on the basis of a Harborside Material Adverse Effect, or a material decrease in the trading price of the Subordinate Voting Shares could be sustained following the completion of the Mergers;
- potential fluctuations in the market price of the Subordinate Voting Shares;
- there may be competing offers for Loudpack or Urbn Leaf which arise as a result of or in connection with the proposed Mergers;
- the businesses of Harborside, Loudpack and Urbn Leaf may not be successfully integrated following the completion of the Mergers;
- loss of key employees and the risk that Harborside may not be able to retain key employees of Harborside, Loudpack or Urbn Leaf prior to and following the completion of the Mergers;
- changes, delays or deferrals by suppliers of Harborside, Loudpack or Urbn Leaf made in response to the announcement of the Mergers;
- the failure by a party to comply with applicable laws prior to the completion of the Mergers could subject Harborside to penalties and other adverse consequences following the completion of the Mergers;
- Harborside's inability to attract and retain qualified management to grow the business following the completion of the Mergers;
- an unavailability in viable acquisition opportunities, or if available, an inability to complete debt and/or equity financings necessary to complete such acquisitions, or enter into strategic business relationships; and
- unanticipated changes in economic and market conditions (including changes resulting from the COVID-19 pandemic) or in applicable laws.

In addition, if the Mergers are not completed, and Harborside continues as an independent entity, there are risks that the announcement of the Mergers and the dedication of substantial resources of Harborside to pursuing the completion of the Mergers, and the diversion of management in the course of pursuing the Mergers, may adversely impact Harborside's current business relationships (including with current

and prospective employees, customers, distributors, suppliers and partners) and its current and future operations, financial condition and prospects. The failure to complete the Mergers for any reason could also materially negatively impact the trading price of the Subordinate Voting Shares. Furthermore, the failure of Harborside to comply with the terms of the Loudpack Merger Agreement, and/or the Urbn Leaf Merger Agreement as the case may be, may, in certain circumstances, result in Harborside being required to pay the Loudpack Termination Fee or the Reduced Termination Fee to Loudpack and/or the Urbn Leaf Termination Fee to Urbn Leaf, the result of which will or could have a material adverse effect on Harborside's financial position and results of operations and its ability to fund growth prospects and current operations. Harborside Shareholders are cautioned that the foregoing list of factors is not exhaustive. Additional information on other factors that could affect the operations or financial results of Harborside are included in reports filed Harborside with the securities commissions or similar authorities in Canada (which are available under Harborside's profile on SEDAR at www.sedar.com, including the Harborside AIF, the Harborside Annual Financial Statements and the Harborside Interim Financial Statements, each of which is incorporated by reference in this Circular.

The forward-looking statements and forward-looking information contained in this Circular and the documents incorporated by referenced herein are made as of the date of such documents. Harborside is under no obligation (and Harborside expressly disclaims any such obligation) to update or alter any forward-looking statements or forward-looking information, the factors or assumptions underlying them, whether as a result of new information, future events or otherwise, except as required by Law. Because of the risks, uncertainties and assumptions contained herein, investors should not place undue reliance on the forward-looking statements or forward-looking information and investors are recommended to carefully consider the matters discussed under the heading "*Risk Factors*" and in the documents incorporated by reference herein. The foregoing statements expressly qualify any forward-looking statements or forward-looking information contained herein.

SUMMARY

The following is a summary of certain information contained elsewhere or incorporated by reference in this Circular, including the Appendices attached hereto. This summary is not intended to be complete and is qualified in its entirety by the more detailed information appearing elsewhere, or incorporated by reference, in this Circular, all of which is important and should be reviewed carefully. Certain capitalized terms used in this summary are defined in "Glossary of Defined Terms" or elsewhere in this Circular.

The Harborside Meeting

The purpose of the Harborside Meeting is for Harborside Shareholders to consider and, if thought advisable, to approve the Share Issuance Resolution, which will approve the issuance of Subordinate Voting Shares in connection with the Mergers. In order to become effective, the Share Issuance Resolution must be approved by an affirmative vote of at least a simple majority of the votes cast by Harborside Shareholders present virtually or represented by proxy and entitled to vote at the Harborside Meeting. The full text of the Share Issuance Resolution is included in "Appendix A – *Share Issuance Resolution*" attached to this Circular.

Due to restrictions relating to the global COVID-19 pandemic, and to mitigate risks to the health and safety of our communities, Harborside Shareholders, employees and other stakeholders, Harborside is holding the Harborside Meeting as a completely virtual meeting, where all Harborside Shareholders, regardless of geographic location and equity ownership, will have an equal opportunity to participate and engage with Harborside as well as other Harborside Shareholders. Harborside Shareholders will not be able to attend the Harborside Meeting in person.

In order to streamline the virtual meeting process, Harborside requests that all Harborside Shareholders who will not be virtually attending the Harborside Meeting complete, date and sign the enclosed form of proxy (in the return envelope provided for that purpose), or, alternatively, vote over the Internet, in each case in accordance with the instructions set out herein. If you are a Registered Shareholder and are unable to virtually attend the Harborside Meeting, please date and execute the enclosed form of proxy and return it in the envelope provided by Odyssey Trust Company as the registrar and transfer agent for the Harborside Shares, at Odyssey Transfer Inc., Trader's Bank Building, Attn: Proxy Department, 67 Yonge St., Suite 702, Toronto ON M5E 1J8 by no later than 11:00 a.m. (Toronto time) on February 17, 2022 or 48 hours (excluding Saturdays, Sundays and holidays) before any adjournment or postponement of the Harborside Meeting. If you are a Non-Registered Shareholder and receive these materials through your broker or through another Intermediary, please complete and return the VIF in accordance with the instructions provided to you by your broker or by the other Intermediary.

The Record Date

The Harborside Board has, by resolution, fixed the close of business on January 17, 2022 as the Record Date, for the determination of Harborside Shareholders entitled to receive notice of, and to vote at, the Harborside Meeting and any adjournment or postponement thereof. Only Harborside Shareholders whose names have been entered in the register of Harborside Shareholders and duly appointed proxyholders as of the close of business on the Record Date will be entitled to vote at the Harborside Meeting and any adjournment or postponement thereof.

Harborside Shareholders as of the Record Date are entitled to vote on the basis of: (a) one vote for each Subordinate Voting Share held; and (b) 100 votes for each Multiple Voting Share held.

See "*General Proxy Information – Record Date*" and "*General Proxy Information – Voting Securities and Principal Harborside Shareholders*".

Business of the Harborside Meeting

Share Issuance Resolution

The Loudpack Merger will result in Harborside acquiring 100% of the equity interests of Loudpack for consideration comprised of, among other things, such number of Subordinate Voting Shares as is equal to the Loudpack Equity Consideration. The Urbn Leaf Merger will result in Harborside acquiring 100% of the equity interests of Urbn Leaf for consideration comprised of such number of Subordinate Voting Shares as is equal to the Urbn Leaf Merger Consideration. The precise number of Subordinate Voting Shares issuable as consideration pursuant to the Mergers cannot be definitively determined as of the date hereof, and will be calculated based on the Harborside Equity Value, Loudpack Equity Value and Urbn Leaf Equity Value, respectively, calculated immediately prior to the closing of the Mergers in accordance with the terms of the Loudpack Merger Agreement and Urbn Leaf Merger Agreement, respectively. Based on the relative equity values of Harborside, Loudpack and Urbn Leaf as of November 29, 2021, being the date of each of the Loudpack Merger Agreement and Urbn Leaf Merger Agreement, Harborside expects to issue approximately 151,427,786 Subordinate Voting Shares as consideration pursuant to the Mergers (prior to giving effect to the proposed Consolidation), comprised of (a) 91,427,786 Subordinate Voting Shares issuable as the Loudpack Equity Consideration, and (b) 60,000,000 Subordinate Voting Shares issuable as Urbn Leaf Merger Consideration, collectively representing approximately 184% of the current issued and outstanding Subordinate Voting Shares, on a non-diluted basis and assuming the conversion of all Multiple Voting Shares into Subordinate Voting Shares. Following the closing of the Mergers, and based on the foregoing estimates of the number of Subordinate Voting Shares issuable as consideration under the Mergers, existing Harborside Shareholders, Loudpack Recipients and Urbn Leaf Shareholders, are expected to beneficially own approximately 35%, 39% and 26% of the Combined Company, respectively, on a non-diluted basis and assuming conversion of all Multiple Voting Shares into Subordinate Voting Shares.

The CSE is requiring Harborside to obtain shareholder approval in connection with the issuance of Subordinate Voting Shares pursuant to the Mergers as the number of Subordinate Voting Shares to be issued is in excess of 100% of the outstanding Subordinate Voting Shares on a non-diluted basis. In order to be effective, the Share Issuance Resolution must be approved, with or without variation, by the affirmative vote of at least a simple majority of the votes cast by Harborside Shareholders present virtually or represented by proxy and entitled to vote at the Harborside Meeting. The full text of the Share Issuance Resolution is included in "Appendix A – *Share Issuance Resolution*" attached to this Circular.

If the Harborside Shareholders fail to approve the Share Issuance Resolution by the requisite majority, neither the Loudpack Merger nor the Urbn Leaf Merger will be completed.

See "*Business of the Harborside Meeting – Share Issuance Resolution*".

Name Change Resolution

At the Harborside Meeting, the Harborside Shareholders will be asked to consider and, if thought advisable, to pass, with or without variation, a special resolution, the full text of which is included in "Appendix B – *Name Change Resolution*" attached to this Circular, approving an amendment to the articles of Harborside to change the name of Harborside to "StateHouse Holdings Inc.", subject to regulatory approval.

In connection with the Name Change, Harborside has applied to change its trading symbol on the CSE from "HBOR" to "STHZ".

In order to be effective, the Name Change Resolution must be approved, with or without variation, by the affirmative vote of at least two-thirds of the votes cast by Harborside Shareholders, present virtually or represented by proxy and entitled to vote at the Harborside Meeting.

The completion of the Mergers is not conditional on the approval of the Name Change Resolution. If the Harborside Shareholders fail to approve the Name Change Resolution by the requisite majority, the Mergers may still be completed.

See "*Business of the Harborside Meeting – Name Change Resolution*".

Consolidation Resolution

At the Harborside Meeting, the Harborside Shareholders will be asked to consider and, if thought advisable, to pass, with or without variation, a special resolution, the full text of which is included in "Appendix C – *Consolidation Resolution*" attached to this Circular, approving the Consolidation of all of the issued and outstanding Subordinate Voting Shares and Multiple Voting Shares on the basis of a Consolidation ratio to be selected by the Harborside Board in its discretion, provided that the Consolidation ratio will be no greater than one post-Consolidation Subordinate Voting Share and post-Consolidation Multiple Voting Share, as applicable, for every six pre-Consolidation Subordinate Voting Shares and pre-Consolidation Multiple Voting Shares, as applicable.

In order to be effective, the Consolidation Resolution must be approved, with or without variation, by the affirmative vote of at least two-thirds of the votes cast by Harborside Shareholders, present virtually or represented by proxy and entitled to vote at the Harborside Meeting.

The completion of the Mergers is not conditional on the approval of the Consolidation Resolution. If the Harborside Shareholders fail to approve the Consolidation Resolution by the requisite majority, the Mergers may still be completed.

See "*Business of the Harborside Meeting – Consolidation Resolution*".

Combined Company Board Resolution

At the Harborside Meeting, the Harborside Shareholders will be asked to elect, conditional on the completion of the Mergers (a) Matthew Hawkins; (b) Edward Schmults; (c) Marc Ravner; (d) Kevin Albert; (e) Tiffany Liff; (f) Jonathon Roy Pottle; and (g) James Scott as directors of Harborside.

The completion of the Mergers is not conditional on the election of the Board Nominees. If the Harborside Shareholders fail to elect the Board Nominees by the requisite majority, the Mergers may still be completed. The Combined Company Board Resolution will only take effect if the Mergers are completed. Until such time, it is expected that the current directors of Harborside will continue to serve on the Harborside Board.

See "*Business of the Harborside Meeting – Combined Company Board Resolution*".

Shareholder Rights Plan Resolution

At the Harborside Meeting, the Subordinate Shareholders will be asked to consider and, if thought advisable, to pass, with or without variation, an ordinary resolution, the full text of which is included in "Appendix D – *Shareholder Rights Plan Resolution*" attached to this Circular, amending and reconfirming the Shareholder Rights Plan. Harborside is currently evaluating various alternatives to accelerate the growth of its business, including the Mergers described herein, and has determined that certain amendments are required to be made to the Shareholders Rights Plan. Such amendments would support the growth of Harborside, including in circumstances upon which Harborside engages in an an acquisition, amalgamation, arrangement, merger, business combination or other transaction having similar effect or where existing Harborside Shareholders choose to participate in financing alternatives and capital raising activities proposed by Harborside.

In order to be effective, the SRP Resolution must be approved, with or without variation, by the affirmative vote of at least a simple majority of the votes cast by Subordinate Shareholders present virtually or represented by proxy and entitled to vote at the Harborside Meeting.

It is a condition to the completion of the Loudpack Merger that the SRP Resolution be approved by the requisite majority at the Harborside Meeting. If the Subordinate Shareholders fail to approve the SRP Resolution, Harborside may elect not to proceed with the Loudpack Merger in its sole discretion.

See "*Business of the Harborside Meeting – Shareholder Rights Plan Resolution*".

Articles Alteration Resolution

At the Harborside Meeting, the Harborside Shareholders will be asked to consider and, if thought advisable, to pass, with or without variation, a special resolution, the full text of which is included in "Appendix E – *Articles Alteration Resolution*" attached to this Circular, approving certain amendments to the articles of Harborside, including the removal of certain restrictions relating to the conversion of Multiple Voting Shares to Subordinate Voting Shares.

The Amended and Restated Articles are intended to make it easier for Multiple Shareholders to convert their Multiple Voting Shares into Subordinate Voting Shares.

Harborside anticipates that this change will eventually result in more than 50% of the Subordinate Voting Shares being directly or indirectly owned by shareholders of record domiciled in the U.S., which will have the effect of Harborside no longer meeting the definition of "foreign private issuer" under U.S. securities laws, and which will require Harborside to register under the Exchange Act. If and when Harborside loses its foreign private issuer status and is required to register under the Exchange Act, Harborside will be subject to the SEC's reporting requirements applicable to U.S. domestic companies. The SEC's reporting requirements will require, among other things, Harborside's financial statements and financial data to be prepared in accordance with U.S. GAAP rather than IFRS. The potential risks related to Harborside's loss of foreign private issuer status are described in the Harborside AIF, which is incorporated by reference herein.

In order to be effective, the Articles Alteration Resolution must be approved, with or without variation, by the affirmative vote of at least two-thirds of the votes cast by Harborside Shareholders, present virtually or represented by proxy and entitled to vote at the Harborside Meeting. Harborside Shareholders are entitled to dissent rights with respect to the Articles Alteration Resolution. See "*Business of the Harborside Meeting – Articles Alteration Resolution – Dissent Rights".*

The completion of the Mergers is not conditional on the approval of the Articles Alteration Resolution. If the Harborside Shareholders fail to approve the Articles Alteration Resolution by the requisite majority, the Mergers may still be completed.

See "*Business of the Harborside Meeting – Articles Alteration Resolution*".

Equity Incentive Plan Amendment Resolution

At the Harborside Meeting, the Harborside Shareholders will be asked to consider and, if thought advisable, to pass, with or without variation, an ordinary resolution, the full text of which is included in "Appendix F – *Equity Incentive Plan Amendment Resolution*" attached to this Circular, approving an amendment to the Equity Incentive Plan to increase the maximum number of Subordinate Voting Shares which may be allocated for issuance pursuant to Incentive Stock Options under subsection 4(a) of the Equity Incentive Plan from 4,279,905 Subordinate Voting Shares to up to 23,355,026 Subordinate Voting Shares or such lesser amount determined by the Harborside Board.

In order to be effective, the Equity Incentive Plan Amendment Resolution must be approved, with or without variation, by the affirmative vote of at least a simple majority of the votes cast by Harborside Shareholders, present virtually or represented by proxy and entitled to vote at the Harborside Meeting.

The completion of the Mergers is not conditional on the approval of the Equity Incentive Plan Amendment Resolution. If the Harborside Shareholders fail to approve the Equity Incentive Plan Amendment Resolution by the requisite majority, the Mergers may still be completed.

See "*Business of the Harborside Meeting – Equity Incentive Plan Amendment Resolution*".

By-law Amendment Resolution

At the Harborside Meeting, the Harborside Shareholders will be asked to consider and, if thought advisable, to pass, with or without variation, an ordinary resolution, the full text of which is included in "Appendix G – *By-law Amendment Resolution*" attached to this Circular, approving, confirming and ratifying amendments to the By-law to remove the Canadian residency requirements for directors of Harborside, which are consistent with and similar to amendments made under the OBCA as of July 5, 2021.

The amendments to the By-law have been adopted by the Harborside Board and are effective from the date of adoption by the Harborside Board, but amendments to the By-law adopted by the Board must be ratified by the Harborside Shareholders. Accordingly, and in order to be effective, the By-law Amendment Resolution must be approved, with or without variation, by the affirmative vote of at least a simple majority of the votes cast by Harborside Shareholders, present virtually or represented by proxy and entitled to vote at the Harborside Meeting.

The completion of the Mergers is not conditional on the approval of the By-law Amendment Resolution. If the Harborside Shareholders fail to approve the By-law Amendment Resolution by the requisite majority, the Mergers may still be completed.

See "*Business of the Harborside Meeting – By-law Amendment Resolution*".

Appointment of Auditor

Effective October 26, 2021, MNP LLP resigned as auditor on its own initiative and Armanino was appointed to conduct audit services for Harborside starting on October 27, 2021. Harborside's audit committee and the Harborside Board considered and approved both the resignation of the Former Auditor and the appointment of Armanino as auditor of Harborside. In accordance with section 4.11 of National Instrument 51-102 *Continuous Disclosure Obligations*, Harborside filed the Change of Auditor Reporting Package on SEDAR under Harborside's issuer profile on November 4, 2021. The Change of Auditor Reporting Package, included as "Appendix V – *Change of Auditor Reporting Package*" attached to this Circular, includes the change of auditor notice, a letter from the Former Auditor and a letter from Armanino as successor auditor.

See "*Business of the Harborside Meeting – Appointment of Auditor*".

Overview of the Mergers

On November 29, 2021 (a) Harborside, Loudpack Merger Subco, Loudpack and the Sole Stockholder entered into the Loudpack Merger Agreement pursuant to which Harborside agreed to acquire all of the equity interests of Loudpack; and (b) Harborside, Urbn Leaf Merger Subco and Urbn Leaf entered into the Urbn Leaf Merger Agreement pursuant to which Harborside agreed to acquire all of the equity interests of Urbn Leaf.

The acquisition of Loudpack will be effected by way of a merger between Loudpack and Loudpack Merger Subco in accordance with the requirements of the DGCL and pursuant to the terms of the Loudpack Merger Agreement, and the acquisition of Urbn Leaf will be effected by way of a merger between Urbn Leaf and Urbn Leaf Merger Subco in accordance with the requirements of the CGCL and pursuant to the terms of the Urbn Leaf Merger Agreement.

Following the closing of the Mergers, and based on the estimated number of Subordinate Voting Shares issuable as consideration under each of the Loudpack Merger and Urbn Leaf Merger as of November 29, 2021, existing Harborside Shareholders, Loudpack Recipients and Urbn Leaf Shareholders, are expected to beneficially own approximately 35%, 39% and 26% of the Combined Company,

respectively, on a non-diluted basis and assuming conversion of all Multiple Voting Shares into Subordinate Voting Shares.

See "*The Mergers – Overview of the Mergers*".

Recommendation of the Harborside Board

The Harborside Board, having undertaken a thorough review of, and having carefully considered the terms of each of the Mergers and Merger Agreements, and after consulting with its financial and legal advisors, including having received and taken into account the Fairness Opinions and such other matters as it considered necessary and relevant, including the factors set out below under the heading "*Reasons for the Recommendation of the Harborside Board*" has unanimously determined that the Mergers are in the best interests of Harborside and has authorized Harborside to enter into the Merger Agreements and all related agreements.

Accordingly, the Harborside Board has unanimously approved the Mergers and the entering into by Harborside of the Merger Agreements and unanimously recommends that the Harborside Shareholders vote FOR the Share Issuance Resolution.

See "*The Mergers – Recommendation of the Harborside Board*".

Reasons for the Recommendation of the Harborside Board

In making its recommendation, the Harborside Board has reviewed and considered a number of factors relating to the Mergers, including those listed below, with the benefit of advice from its senior management teams and financial and legal advisors. The following is a summary of the principal reasons for the recommendations of the Harborside Board:

- **Statewide Retail Presence**. The Combined Company is expected to have 15 retail locations across key urban areas of California, with significant influence and control over shelf space and brand value. This strong retail platform will feature a unified retail banner, leading in-store customer service, ease of accessibility and delivery, and a diversified product offering.

- **Brands with Leading Market Share**. The Combined Company is expected to have a portfolio of leading brands with strong positions in the largest market segments. It will offer a deep roster of products at a variety of price points, creating a wide range of appeal to all customer types. The Combined Company intends to support its retail customers through strong product selection, effective marketing support and a distribution strategy that reduces channel conflict.

- **Vertical Integration and Outsized Margin Potential.** The Combined Company expects to achieve synergies through full vertical integration, with enhanced control over quality and input costs, production and distribution efficiencies, and access to shelf space. Vertical integration is expected to drive margin expansion at every stage of the value chain from cultivation to retail operations, creating leadership in each segment of the industry.

- **Scaled Cultivation Platform**. The Combined Company is expected to have a cultivation platform that is scaled to meet its production needs and limiting its reliance on the bulk market.

- **Strength in Manufacturing Driving Top-Tier Portfolio of Branded Products.** The Combined Company's leading manufacturing facility is expected to be positioned to continue developing new brands and SKUs to compete in California and expand globally in the future.

- **Rolling up California**. The Combined Company expects to be well-positioned to leverage its scale, reduced cost of capital and extensive management and board-level experience to acquire companies across the value chain, expand its footprint, and build a flagship California cannabis company.

- **Participation in Future Growth.** Harborside Shareholders will participate in future increases in the value of the Combined Company and the opportunities associated with the Combined Company's cannabis platform. Following completion of the Mergers, existing Harborside Shareholders are expected to beneficially own approximately 35% of the Combined Company on a non-diluted basis and assuming conversion of all Multiple Voting Shares into Subordinate Voting Shares.

- **Strong Leadership**. In connection with the Mergers, the Combined Company intends to reconstitute its management team and the Combined Company Board. The proposed new management team and board of directors has deep experience in cannabis retail and cultivation as well as the consumer-packaged goods sector. The proposed CEO of the Combined Company, Ed Schmults, has more than 30 years of experience leading world-class brands including Patagonia and FAO Schwarz. See "Appendix M – *Information Concerning the Combined Company Following Completion of the Mergers – Governance and Management of the Combined Company*".

- **PI Financial Fairness Opinions.** The PI Financial Loudpack Fairness Opinion provided to the Harborside Board to the effect that, as of November 29, 2021 and based upon the assumptions, limitations and qualifications set out therein, the consideration to be paid by Harborside to the Loudpack Shareholders pursuant to the Loudpack Merger Agreement is fair, from a financial point of view, to Harborside. In addition, the PI Financial Urbn Leaf Fairness Opinion provided to the Harborside Board to the effect that, as of November 29, 2021 and based upon the assumptions, limitations and qualifications set out therein, the consideration to be paid by Harborside to the Urbn Leaf Shareholders pursuant to the Urbn Leaf Merger Agreement is fair, from a financial point of view, to Harborside.

See "*The Mergers – Reasons for the Recommendation of the Harborside Board*".

PI Financial Fairness Opinions

PI Financial was retained by Harborside to act as its financial advisors in connection with each of the Loudpack Merger and Urbn Leaf Merger. The engagement includes providing Harborside with financial advisory services related to the Mergers, including providing opinions as to the fairness, from a financial point of view, to Harborside, of (a) the consideration to be paid by Harborside pursuant to the Loudpack Merger, and (b) the consideration to be paid by Harborside pursuant to the Urbn Leaf Merger.

At a meeting of the Harborside Board held on November 29, 2021, PI Financial orally delivered its opinions to the Harborside Board, which were subsequently confirmed in writing, that, as at the dates thereof and based upon the assumptions, limitations and qualifications set out therein, (a) the consideration to be paid by Harborside pursuant to the Loudpack Merger is fair, from a financial point of view, to Harborside, and (b) the consideration to be paid by Harborside pursuant to the Urbn Leaf Merger is fair, from a financial point of view, to Harborside.

The full text of the PI Financial Loudpack Fairness Opinion, setting out, among other things, the scope of review, assumptions made, matters considered and limitations and qualifications on the review undertaken in connection with the PI Financial Loudpack Fairness Opinion, is included in "Appendix H – *PI Financial Loudpack Fairness Opinion"* attached to this Circular. The full text of the PI Financial Urbn Leaf Fairness Opinion, setting out, among other things, the scope of review, assumptions made, matters considered and limitations and qualifications on the review undertaken in connection with the PI Financial Urbn Fairness Opinion, is included in "Appendix I – *PI Financial Urbn Leaf Fairness Opinion*" attached to this Circular.

See "*The Mergers – PI Financial Fairness Opinions*".

Details of the Loudpack Merger

On November 29, 2021, Harborside, Loudpack Merger Subco, Loudpack and the Sole Stockholder entered into the Loudpack Merger Agreement pursuant to which Harborside agreed to acquire all of the equity interests of the Loudpack by way of a merger between Loudpack Merger Subco and Loudpack at the Loudpack Effective Time in accordance with the requirements of the DGCL. Subject to the approval of the Share Issuance Resolution by the Harborside Shareholders, the approval of the SRP Resolution by the Subordinate Shareholders, the approval of the Loudpack Merger by the Sole Stockholder and the Voting Members, the receipt of all regulatory approvals for the Loudpack Merger, including the expiry or termination of all waiting periods under the HSR Act and the receipt of all approvals under applicable Antitrust Laws, and the satisfaction or waiver of certain other closing conditions, at the Loudpack Effective Time, Loudpack Merger Subco will be merged with and into Loudpack, and the surviving company following the merger will become a wholly-owned Subsidiary of Harborside.

As consideration for the equity interests of Loudpack, at the Loudpack Effective Time, Harborside will pay the Loudpack Merger Consideration.

Harborside has also agreed to guarantee Loudpack's obligations under the Carryover Notes and issue the Consideration Warrants. See "*The Mergers – Details of the Loudpack Merger – Treatment of Loudpack Debentures*" and "*The Mergers – Details of the Loudpack Merger – Issuance of Consideration Warrants*".

Based on the agreed upon equity values of Harborside and Loudpack, respectively, as of November 29, 2021, Harborside currently anticipates issuing approximately 91,427,786 Subordinate Voting Shares as the Loudpack Equity Consideration (prior to giving effect to the proposed Consolidation). The precise number of Subordinate Voting Shares issuable as Loudpack Equity Consideration pursuant to the Loudpack Merger is subject to change as described in the section "*Details of the Loudpack Merger – Calculation of Harborside and Loudpack Equity Values*".

See "*The Mergers – Details of the Loudpack Merger".*

Description of the Loudpack Merger

If the Share Issuance Resolution and the SRP Resolution are approved at the Harborside Meeting, the Loudpack Merger is approved by the Sole Stockholder and the Voting Members, respectively, and the applicable conditions to the completion of the Loudpack Merger are satisfied or waived, then Harborside and Loudpack will complete the steps outlined under the section "*The Mergers – Description of the Loudpack Merger*" at the Loudpack Effective Time.

If the Loudpack Merger and the Urbn Leaf Merger are completed (a) the Loudpack Recipients are expected to beneficially own approximately 39% of the Combined Company on a non-diluted basis and assuming conversion of all Multiple Voting Shares into Subordinate Voting Shares, and based on the number of Subordinate Voting Shares expected to be issued under each of the Loudpack Merger and Urbn Leaf Merger as of the date hereof; and (b) Loudpack, as the surviving company from the Loudpack Merger, will become a wholly-owned Subsidiary of Harborside.

See "*The Mergers – Description of the Loudpack Merger".*

Timing for Completion of the Loudpack Merger

The Loudpack Merger will be consummated by filing the Agreement of Loudpack Merger with the Delaware Secretary of State and by making all other filings or recordings required under the DGCL in connection with the Loudpack Merger. The Loudpack Merger will become effective at such time as the Agreement of Loudpack Merger is duly filed with the Delaware Secretary of State, or at such other time as the parties to the Loudpack Merger Agreement agree will be specified in the Agreement of Loudpack Merger.

See "*The Mergers – Timing for Completion of the Loudpack Merger".*

Treatment of Loudpack Debentures

Pursuant to the terms of the Loudpack Merger Agreement, the Debenture Supplement will be amended and restated in accordance with the Loudpack Support Agreement to (a) reflect the issuance of the Carryover Notes to evidence the aggregate US$25,000,000 principal amount of Loudpack Debentures that will remain outstanding on the Loudpack Closing Date; and (b) cause the balance of the Loudpack Debentures to convert into or be exchanged for equity of Sub I and Sub II, which will entitle the holders thereof to receive distributions of Loudpack Equity Consideration in accordance with their respective limited liability company operating agreements. The Harborside Debentures will covert into equity of Sub I and Sub II and will ultimately entitle Harborside to receive a distribution of its own Subordinate Voting Shares, which, upon distribution thereof, will be cancelled and returned to treasury.

Harborside has agreed to guarantee Loudpack's obligations under the Carryover Notes and grant security interests on certain real estate of Harborside. The Carryover Notes will not be convertible into equity of Loudpack or Harborside

See "*The Mergers – Treatment of the Loudpack Debentures*" and "Appendix K – *Information Concerning Loudpack*".

Issuance of Consideration Warrants

As additional consideration under the Loudpack Merger, Harborside has agreed to issue to the Sole Stockholder warrants to purchase an aggregate of 2,000,000 Subordinate Voting Shares at an exercise price of the then current Canadian dollar equivalent of US$2.50 per Subordinate Voting Share for a period of five years from the date of issuance, subject to adjustment and acceleration in certain circumstances.

See "*The Mergers – Issuance of the Consideration Warrants*".

Details of the Urbn Leaf Merger

On November 29, 2021, Harborside, Urbn Leaf Merger Subco and Urbn Leaf entered into the Urbn Leaf Merger Agreement pursuant to which Harborside agreed to acquire all of the equity interests of Urbn Leaf by way of a merger between Urbn Leaf Merger Subco and Urbn Leaf at the Urbn Leaf Effective Time in accordance with the requirements of the CGCL. Subject to the approval of the Share Issuance Resolution by the Harborside Shareholders, the approval of the Urbn Leaf Merger by the Urbn Leaf Shareholders, approvals for all Regulatory Licenses having been obtained in accordance with the terms of the Urbn Leaf Merger Agreement (subject to certain exceptions), and the satisfaction or waiver of certain other closing conditions, at the Urbn Leaf Effective Time, Urbn Leaf Merger Subco will be merged with and into Urbn Leaf, and the surviving company following the merger will become a wholly-owned Subsidiary of Harborside.

As consideration for the equity interests of Urbn Leaf, at the Urbn Leaf Effective Time, Harborside will pay the Urbn Leaf Merger Consideration.

Based on the agreed upon equity values of Harborside and Urbn Leaf, respectively, as of November 29, 2021, Harborside currently anticipates issuing approximately 60,000,000 Subordinate Voting Shares as the Urbn Leaf Merger Consideration (prior to giving effect to the proposed Consolidation). The precise number of Subordinate Voting Shares issuable as Urbn Leaf Merger Consideration pursuant to the Urbn Leaf Merger is subject to change as described in the section "*Details of the Urbn Leaf Merger – Calculation of Harborside and Urbn Leaf Equity Values*".

Pursuant to the terms of the Urbn Leaf Merger Agreement, in no circumstances will the Urbn Leaf Merger Consideration be less than 50,000,000 Subordinate Voting Shares (prior to giving effect to the proposed Consolidation).

See "*The Mergers – Details of the Urbn Leaf Merger*".

Description of the Urbn Leaf Merger

If the Share Issuance Resolution is approved at the Harborside Meeting, the Urbn Leaf Merger is approved by the Urbn Leaf Shareholders and the applicable conditions to the completion of the Urbn Leaf Merger are satisfied or waived, then Harborside and Urbn Leaf will complete the steps outlined under the section "*The Mergers – Description of the Urbn Leaf Merger*" at the Urbn Leaf Effective Time.

If the Urbn Leaf Merger and the Loudpack Merger are completed (a) the former Urbn Leaf Shareholders are expected to beneficially own approximately 26% of the Combined Company on a non-diluted basis and assuming conversion of all Multiple Voting Shares into Subordinate Voting Shares, and based on the number of Subordinate Voting Shares expected to be issued under each of the Urbn Leaf Merger and Loudpack Merger as of the date hereof; and (b) Urbn Leaf, as the surviving company from the Urbn Leaf Merger, will become a wholly-owned Subsidiary of Harborside.

See "*The Mergers – Description of the Urbn Leaf Merger*".

Timing for Completion of the Urbn Leaf Merger

The Urbn Leaf Merger will be consummated by filing the Agreement of Urbn Leaf Merger with the California Secretary of State and by making all other filings or recordings required under the CGCL in connection with the Urbn Leaf Merger. The Urbn Leaf Merger will become effective at such time as the Agreement of Urbn Leaf Merger is duly filed with the Delaware Secretary of State, or at such other time as the parties to the Urbn Leaf Merger Agreement agree will be specified in the Agreement of Urbn Leaf Merger.

See "*The Mergers – Timing for Completion of the Urbn Leaf Merger*".

Treatment of Urbn Leaf Preferred Stock

Immediately prior to the Urbn Leaf Effective Time, all outstanding shares of Urbn Leaf Preferred Stock, including all rights and preferences set forth therein, will convert into shares of Urbn Leaf Common Stock without any action on the part of the holders of Urbn Leaf Preferred Stock in accordance with the Certificate of Incorporation, including all rights and preferences for each class of Urbn Leaf Preferred Stock set forth therein.

Each previous holder of Urbn Leaf Preferred Stock following such conversion will be entitled to participate in the transactions contemplated by the Urbn Leaf Merger and receive their pro rata share of the Urbn Leaf Merger Consideration at the Urbn Leaf Effective Time, pursuant to the terms of that certain Stockholder Allocation Agreement, among Urbn Leaf, Momentum Capital Group, LLC, as Shareholder Representative, and such other parties thereto, and subject to the terms of the Urbn Leaf Merger Agreement as set forth more particularly therein.

See "*The Mergers – Treatment of Urbn Leaf Preferred Stock*".

Treatment of Urbn Leaf Options and Warrants

By virtue of the Urbn Leaf Merger and without any action on the part of the holders thereof, each option to acquire Urbn Leaf Common Stock, whether vested or unvested, that is outstanding and unexercised as of immediately prior to the Urbn Leaf Effective Time will be cancelled. In addition, Urbn Leaf has agreed to take any actions necessary to cause all issued and outstanding warrants to purchase Urbn Leaf Common Stock to either be exercised and terminated prior to the Urbn Leaf Effective Time or be terminated at the Urbn Leaf Effective Time.

See "*The Mergers – Treatment of Urbn Leaf Options and Warrants*".

Loudpack Merger Agreement

On November 29, 2021, Harborside, Loudpack Merger Subco, Loudpack and the Sole Stockholder entered into the Loudpack Merger Agreement pursuant to which Harborside agreed to acquire all of the equity interests of the Loudpack by way of a merger between Loudpack Merger Subco and Loudpack at the Loudpack Effective Time in accordance with the requirements of the DGCL.

See "*Transaction Agreements – Loudpack Merger Agreement*" and the Loudpack Merger Agreement, which has been filed by Harborside under its profile on SEDAR at www.sedar.com.

Urbn Leaf Merger Agreement

On November 29, 2021, Harborside, Urbn Leaf Merger Subco and Urbn Leaf entered into the Urbn Leaf Merger Agreement pursuant to which Harborside agreed to acquire all of the equity interests of Urbn Leaf by way of a merger between Urbn Leaf Merger Subco and Urbn Leaf at the Urbn Leaf Effective Time in accordance with the requirements of the CGCL.

See "*Transaction Agreements – Urbn Leaf Merger Agreement*" and the Urbn Leaf Merger Agreement, which has been filed by Harborside under its profile on SEDAR at www.sedar.com.

Regulatory Matters and Approvals

Harborside Shareholder Approval

In order to be effective, the Share Issuance Resolution must be approved, with or without variation, by the affirmative vote of at least a simple majority of the votes cast by Harborside Shareholders present virtually or represented by proxy and entitled to vote at the Harborside Meeting and the SRP Resolution must be approved, with or without variation, by the affirmative vote of at least a simple majority of the votes cast by Subordinate Shareholders present virtually or represented by proxy and entitled to vote at the Harborside Meeting.

Each holder of a Subordinate Voting Share is entitled to one vote for each Subordinate Voting Share held by such holder as of the close of business on the Record Date and each holder of a Multiple Voting Share is entitled to 100 votes for each Multiple Voting Share held by such holder as of the close of business on the Record Date. The Subordinate Shareholders and Multiple Shareholders will vote as a single class in respect of the Share Issuance Resolution. The Multiple Shareholders will not be entitled to vote in respect of the SRP Resolution.

It is a condition to the completion of each of the Loudpack Merger and the Urbn Leaf Merger that the Share Issuance Resolution be approved by the requisite majority at the Harborside Meeting. If the Share Issuance Resolution is not approved, the Mergers will not be completed. It is a condition to the completion of the Loudpack Merger that the SRP Resolution be approved by the requisite majority at the Harborside Meeting. If the Subordinate Shareholders fail to approve the SRP Resolution, Harborside may elect not to proceed with the Loudpack Merger in its sole discretion. Neither the Loudpack Merger nor the Urbn Leaf Merger is conditional on the approval of the Name Change Resolution, the Consolidation Resolution, the Combined Company Board Resolution, the Articles Alteration Resolution, the By-law Amendment Resolution or the Equity Incentive Plan Amendment Resolution. Should the Harborside Shareholders fail to approve the Name Change Resolution, the Consolidation Resolution, the Combined Company Board Resolution, the Articles Alteration Resolution, the By-law Amendment Resolution or the Equity Incentive Plan Amendment Resolution by the requisite majority, the Mergers may still be completed.

Loudpack Stockholder Approval

The Loudpack Merger requires the approval of the Sole Stockholder and the Voting Members. As a result of the Loudpack Support Agreement, Loudpack has already received irrevocable proxies to

approve the Loudpack Merger which are in excess of the thresholds required to approve the Loudpack Merger. See "*Regulatory Matters and Approvals – Shareholder Approvals*".

Urbn Leaf Shareholder Approval

The Urbn Leaf Merger requires the approval of a majority of the holders of Urbn Leaf Preferred Stock and a majority of the holders of Urbn Leaf Common Stock. As a result of the Urbn Leaf Support Agreement, Urbn Leaf has already received irrevocable proxies to approve the Urbn Leaf Merger which are in excess of the thresholds required to approve the Urbn Leaf Merger. See "*Regulatory Matters and Approvals – Shareholder Approvals*".

Regulatory Approvals

Pursuant to the terms of the Loudpack Merger Agreement, it is a mutual condition precedent to the completion of the Loudpack Merger that all waiting periods applicable to the consummation of the Loudpack Merger under the HSR Act (or any extension thereof) will have expired or been terminated and all required filings will have been made and all required approvals obtained (or waiting periods expired or terminated) under applicable Antitrust Laws.

Pursuant to the terms of the Urbn Leaf Merger Agreement, it is a mutual condition precedent to the completion of the Urbn Leaf Merger that approvals for all Regulatory Licenses have been obtained. In accordance with the terms of the Urbn Leaf Merger Agreement, each of Harborside and Urbn Leaf has agreed to use all reasonable best efforts to obtain all necessary Permits, waivers, and actions or nonactions from a Governmental Authority and respond to any requests from a Governmental Authority for additional information or documentation in order to consummate the Urbn Leaf Merger.

See "*Regulatory Matters and Approvals – Regulatory Approvals".*

Stock Exchange Listing Approval Matters

The CSE is requiring the Share Issuance Resolution to be approved by the affirmative vote of at least a simple majority of the votes cast by Harborside Shareholders present virtually or represented by proxy and entitled to vote at the Harborside Meeting. If the Harborside Shareholders fail to approve the Share Issuance Resolution by the requisite majority, the Mergers will not be completed.

See "*Regulatory Matters and Approvals – Stock Exchange Listing Approval Matters".*

Securities Law Matters

The distribution of the Subordinate Voting Shares in connection with the Mergers will constitute a distribution of securities which is exempt from the prospectus requirements of Canadian Securities Laws and is exempt from or otherwise is not subject to the registration requirements under applicable Securities Laws in Canada. The Subordinate Voting Shares received in connection with the Mergers will not be legended and may be resold in each of the provinces of Canada provided that (a) the trade is not a "control distribution" as defined NI 45-102, (b) no unusual effort is made to prepare the market or to create a demand for Subordinate Voting Shares, (c) no extraordinary commission or consideration is paid to a person or company in respect of such sale, and (d) if the selling security holder is an insider or officer of Harborside, the selling security holder has no reasonable grounds to believe that Harborside is in default of applicable securities laws.

For an overview of United States securities laws considerations, see "*Regulatory Matters and Approvals – U.S. Securities Law Matters*".

Risk Factors

Harborside Shareholders who vote in favour of the Share Issuance Resolution will be voting in favour of combining the businesses of Harborside, Urbn Leaf and Loudpack. There are certain risk factors associated with the Mergers that should be carefully considered by Harborside Shareholders including

the fact that the Mergers may not be completed, if among other things, the Share Issuance Resolution is not approved at the Harborside Meeting or if any other conditions precedent to the completion of the Mergers are not satisfied or waived, as applicable. Readers are cautioned that such risk factors are not exhaustive and additional risks and uncertainties, including those currently unknown or considered immaterial to Harborside may also adversely affect Harborside prior to the Mergers or following completion of the Mergers These risk factors should be considered in conjunction with the other information included in this Circular, including the documents incorporated by reference herein, and documents filed by Harborside from time to time.

See "*Risk Factors*" and the risk factors set forth under the heading "*Risk Factors*" in the Harborside AIF, which is incorporated by reference in this Circular

Information Concerning Harborside

Harborside, through its affiliated entities, is licensed to cultivate, manufacture, distribute and sell wholesale and retail cannabis and cannabis products for the adult-use and medical markets. Harborside operates in and/or has ownership interests in California and Oregon, pursuant to state and local laws and regulations, and is focused on building and maintaining its position as one of California's premier vertically integrated cannabis companies

Additional information with respect to the business and affairs of Harborside is included in "Appendix J – *Information Concerning Harborside*" attached to this Circular.

Information Concerning Loudpack

Loudpack is a leading privately-held cannabis company headquartered in Los Angeles, with a cultivation, manufacturing, processing and distribution footprint across California. A brands-first organization, Loudpack has been built to consistently produce and deliver its high-quality branded product at scale. Sold and self-distributed to retailers statewide in California, Loudpack's house of brands distributed in California include *Kingpen*, *Loudpack*, *Dimebag*, and *Smokiez*.

Additional information with respect to the business and affairs of Loudpack is included in "Appendix K – *Information Concerning Loudpack*" attached to this Circular.

Information Concerning Urbn Leaf

Urbn Leaf is a retailer of cannabis products in California, with seven retail locations across the state and delivery options, as well as a product line that features its own branded products and other top cannabis brands in California.

Additional information with respect to the business and affairs of Urbn Leaf is included in "Appendix L – *Information Concerning Urbn Leaf*" attached to this Circular.

Information Concerning the Combined Company Following Completion of the Mergers

Upon completion of the Mergers, Harborside's mission is to become one of the largest and most developed cannabis platforms in the state of California, with enhanced processing, manufacturing, distribution and cultivation capabilities and a diverse retail platform.

Following completion of the Mergers, the board of directors of the Combined Company will initially be comprised of seven directors, three of whom are current directors of Harborside, two of whom are nominees of Loudpack and two of whom are nominees of Urbn Leaf. If elected at the Harborside Meeting, the initial directors of the Combined Company will be (a) Matthew Hawkins; (b) Edward Schmults; (c) Marc Ravner; (d) Kevin Albert; (e) Tiffany Liff; (f) Jonathon Roy Pottle; and (g) James Scott. Four of the initial directors of the Combined Company will be independent.

The key senior management team of the Combined Company is expected to include: (a) Edward Schmults as Chief Executive Officer; (b) Marc Ravner as President of Integration; (c) Tom DiGiovanni

as Chief Financial Officer; (d) Ahmer Iqbal as Chief Operating Officer; (e) Willie Senn as Chief Corporate Development Officer; and (f) Jack Nichols as General Counsel.

Additional information with respect to the business and affairs of Harborside following the completion of the Mergers is included in "Appendix M – *Information Concerning the Combined Company Following Completion of the Mergers*" attached to this Circular.

GENERAL PROXY INFORMATION

Time, Date and Place

Due to restrictions relating to the global COVID-19 pandemic, and to mitigate risks to the health and safety of our communities, Harborside Shareholders, employees and other stakeholders of Harborside, Harborside is holding the Harborside Meeting as a completely virtual meeting. As a result, Harborside Shareholders, regardless of geographic location and equity ownership, will have an equal opportunity to participate in the Harborside Meeting. Harborside Shareholders will not be able to attend the Harborside Meeting in person.

Record Date

The Harborside Board has, by resolution, fixed the close of business on January 17, 2022 as the Record Date, for the determination of Harborside Shareholders entitled to receive notice of, and to vote at, the Harborside Meeting and any adjournment or postponement thereof. Only Harborside Shareholders whose names have been entered in the register of Harborside Shareholders and duly appointed proxyholders as of the close of business on the Record Date will be entitled to vote at the Harborside Meeting and any adjournment or postponement thereof.

Harborside Shareholders as of the Record Date are entitled to vote on the basis of: (a) one vote for each Subordinate Voting Share held; and (b) 100 votes for each Multiple Voting Share held.

Solicitation of Proxies

This Circular is furnished in connection with the solicitation of proxies by the management of Harborside for use at the Harborside Meeting. While it is expected that the solicitation will be primarily by mail, proxies may also be solicited by telephone, email, Internet, fax transmission or other electronic means of communication or in person by the directors, officers, employees and representatives of Harborside. The total cost of soliciting proxies and mailing the materials in connection with the Harborside Meeting will be borne by Harborside.

No director of Harborside has informed management in writing that he intends to oppose any action intended to be taken by management at the Harborside Meeting.

The majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge. Broadridge typically mails a scannable VIF in lieu of the form of proxy. Harborside may use Broadridge's QuickVote™ service to assist Non-registered Harborside Shareholders ("**Non-Registered Shareholders**"), being Harborside Shareholders who hold their Harborside Shares through a bank, trust company, broker, dealer, custodian, nominee, administrator of a self-administered plan or other Intermediary, with voting their Harborside Shares. Broadridge then tabulates the results of all instructions received and provides the appropriate instructions respecting the voting of Harborside Shares to be represented at the Harborside Meeting.

How the Harborside Meeting Matters are Approved

In order to be effective: (a) the Share Issuance Resolution, the Equity Incentive Plan Amendment Resolution and the By-law Amendment Resolution must each be approved by the affirmative vote of at least a simple majority of the votes cast by Harborside Shareholders present virtually or represented by proxy and entitled to vote at the Harborside Meeting; (b) the Combined Company Board Resolution must be approved by Harborside Shareholders present virtually or represented by proxy and entitled to vote at the Harborside Meeting; (c) the Name Change Resolution, the Consolidation Resolution and the Articles Alteration Resolution must each be approved by the affirmative vote of at least two-thirds of the votes cast by Harborside Shareholders present virtually or represented by proxy and entitled to vote at the Harborside Meeting; and (d) the SRP Resolution must be approved by the affirmative vote of at least a simple majority of the votes cast by Subordinate Shareholders present virtually or represented by proxy and entitled to vote at the Harborside Meeting.

It is a condition to the completion of each of the Loudpack Merger and the Urbn Leaf Merger that the Share Issuance Resolution be approved by the requisite majority at the Harborside Meeting. If the Share Issuance Resolution is not approved, the Mergers will not be completed. It is a condition to the completion of the Loudpack Merger that the SRP Resolution be approved by the requisite majority at the Harborside Meeting. If the Subordinate Shareholders fail to approve the SRP Resolution, Harborside may elect not to proceed with the Loudpack Merger in its sole discretion. Neither the Loudpack Merger nor the Urbn Leaf Merger is conditional on the approval of the Name Change Resolution, the Consolidation Resolution, the Combined Company Board Resolution, the Articles Alteration Resolution, the By-law Amendment Resolution or the Equity Incentive Plan Amendment Resolution. Should the Harborside Shareholders fail to approve the Name Change Resolution, the Consolidation Resolution, the Combined Company Board Resolution, the Articles Alteration Resolution, the By-law Amendment Resolution or the Equity Incentive Plan Amendment Resolution by the requisite majority, the Mergers may still be completed.

Vote Counting

Votes by proxy are counted by Harborside's transfer agent, Odyssey.

Who Can Vote?

If you are a registered holder of Harborside Shares (being a Harborside Shareholder who holds their Harborside Shares directly, registered in their own name) (a "**Registered Shareholder**") as of the Record Date, you are entitled to virtually attend and vote at the Harborside Meeting. If your Harborside Shares are registered in the name of a corporation, a duly authorized officer of the corporation may attend on its behalf, but documentation indicating such officer's authority should be presented at the Harborside Meeting. If you are a Registered Shareholder but do not wish to, or cannot, attend the Harborside Meeting virtually, you can appoint someone who will attend the Harborside Meeting and act as your proxyholder to vote in accordance with your instructions. If your Harborside Shares are registered in the name of an Intermediary you should refer to the section entitled "*Voting Your Harborside Shares at the Harborside Meeting – Non-Registered Shareholders*" set out below.

It is important that your Harborside Shares be represented at the Harborside Meeting regardless of the number of Harborside Shares you hold. If you will not be attending the Harborside Meeting virtually, we encourage you to complete, date, sign and return your form of proxy as soon as possible so that your Harborside Shares will be represented.

The Notice of Special Meeting and this Circular are being sent to both Registered Shareholders and Non-Registered Shareholders. If you are a Registered Shareholder, we have sent these materials to you directly. If you are a Non-Registered Shareholder, we have provided these documents to your Intermediary to forward to you. Please follow the VIF that you receive from your Intermediary. Your Intermediary is responsible for properly executing your voting instructions.

Voting Your Harborside Shares at the Harborside Meeting

Registered Shareholders

Harborside is holding the Harborside Meeting as a completely virtual meeting. Harborside Shareholders will not be able to attend the Harborside Meeting in person. In order to virtually attend, participate or vote at the Harborside Meeting (including for voting and asking questions at the Harborside Meeting), Harborside Shareholders MUST have a valid username to login to the Harborside Meeting.

Registered Shareholders and duly appointed proxyholders will be able to virtually attend, participate and vote at the Harborside Meeting online at http://web.lumiagm.com/256406441. Such persons may then enter the Harborside Meeting by clicking "I have a login" and entering a username and password before the start of the Harborside Meeting:

- **Registered Shareholders:** The control number located on the form of proxy or in the email notification you received is your username. The password to the Harborside Meeting is "harborside2022" (case sensitive). The Harborside Meeting ID for the Harborside Meeting is: 256406441.

  If, as a Registered Shareholder, you are using your control number to log into the Harborside Meeting and you accept the terms and conditions, you will be revoking any and all previously submitted proxies for the Harborside Meeting and will be provided the opportunity to vote by online ballot on the matters placed before the Harborside Meeting. **If you do not wish to revoke a previously submitted proxy, do not accept the terms and conditions, in which case you may enter the Harborside Meeting as a guest.**

- **Duly appointed proxyholders:** The person that a Registered Shareholder appoints as proxyholder **MUST** contact Odyssey at harborside@odysseytrust.com and provide Odyssey with such proxyholder's contact information. Odyssey will then provide the proxyholder with a username by e-mail after the voting deadline has passed. The password to the Harborside Meeting is "harborside2022" (case sensitive). **Without the username, proxyholders will not be able to participate or vote at the Harborside Meeting.**

Only Registered Shareholders and duly appointed proxyholders will be entitled to participate and vote at the Harborside Meeting. **Non-Registered Shareholders who have not duly appointed themselves as proxyholder will be able virtually attend the Harborside Meeting as guests, however they will not be able to participate or vote at the Harborside Meeting. Non-Registered Shareholders that wish to virtually attend the Harborside Meeting as a guest should select "I am a guest" and complete the online form**.

Harborside Shareholders who wish to appoint a third-party proxyholder to represent themselves at the Harborside Meeting (including Non-Registered Shareholders who wish to appoint themselves as proxyholder to virtually attend, participate or vote at the Harborside Meeting) **MUST submit their duly completed proxy or VIF AND register the proxyholder**. See "*Appointing a Proxyholder*" below.

If you attend the Harborside Meeting, you must remain connected to the Internet at all times during the Harborside Meeting in order to vote when balloting commences. It is your responsibility to ensure Internet connectivity for the duration of the Harborside Meeting.

Non-Registered Shareholders

It is possible that your Harborside Shares may be registered in the name of an Intermediary, which is usually a trust company, securities broker or other financial institution. If your Harborside Shares are registered in the name of an Intermediary, you are a Non-Registered Shareholder and are either an objecting beneficial owner (an "**OBO**") or a non-objecting beneficial owner ("**NOBO**"). You are an OBO if you are a Non-Registered Shareholder and have not allowed your Intermediary to disclose your ownership information to Harborside. You are a NOBO if you are a Non-Registered Shareholder and have provided instructions to your Intermediary to disclose your ownership information to Harborside. Regardless of whether you are a NOBO or an OBO, your Intermediary is entitled to vote the Harborside Shares held by it and beneficially owned by you on the Record Date, however, your Intermediary must first seek your instructions as to how to vote your Harborside Shares or otherwise make arrangements so that you may vote your Harborside Shares directly. An Intermediary is not entitled to vote the Harborside Shares held by it for the benefit of a Non-Registered Shareholder, without written instructions from such Non-Registered Shareholder.

A Non-Registered Shareholder can only vote its Harborside Shares at the Harborside Meeting if: (a) it has previously appointed itself as the proxyholder for its Harborside Shares by printing its name in the space provided on the VIF and submitting it as directed on the form; and (b) by no later than 11:00 a.m. (Toronto time) on February 17, 2022 (or by 11:00 a.m. (Toronto time) on the day other than a Saturday,

Sunday or statutory or civic holiday which is at least 48 hours prior to any adjourned or postponed Harborside Meeting), it has contacted Odyssey at harborside@odysseytrust.com to register with Odyssey and obtain a control number for the Harborside Meeting. This control number will allow a Non-Registered Shareholder to log in to the live webcast and vote at the Harborside Meeting. **Without a control number, Non-Registered Shareholders will not be able to ask questions or vote at the Harborside Meeting**.

A Non-Registered Shareholder may also appoint someone else as its proxyholder for its Harborside Shares by printing their name in the space provided on the VIF and submitting it as directed on the form. If the Non-Registered Shareholder's proxyholder intends to attend and participate at the Harborside Meeting, after the VIF has been submitted, the Non-Registered Shareholder must contact Odyssey at harborside@odysseytrust.com by no later than 11:00 a.m. (Toronto time) on February 17, 2022 (or by 11:00 a.m. (Toronto time) on the day other than a Saturday, Sunday or statutory or civic holiday which is at least 48 hours prior to any adjourned or postponed Harborside Meeting) to register so that Odyssey may provide the proxyholder with a control number via email. **Without a control number, a proxyholder may attend the Harborside Meeting as a guest but will not be able to ask questions or vote at the Harborside Meeting.** Guests, including Non-Registered Shareholders who have not duly appointed themselves as proxyholder, can attend the Harborside Meeting by logging into the Harborside Meeting at http://web.lumiagm.com/256406441, selecting "I am a Guest" and filling in the required information.

Non-Registered Shareholders should carefully review the instructions provided to them by their Intermediary regarding how to provide voting instructions or how to obtain a proxy with respect to their Harborside Shares. Non-Registered Shareholders may also wish to contact their Intermediary directly in order to obtain instructions regarding how to vote Harborside Shares that they beneficially own.

Harborside has distributed copies of the Notice of Special Meeting, this Circular and the instruments of proxy to the clearing agencies and Intermediaries for onward distribution to Non-Registered Shareholders. Intermediaries are required to forward these materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them under NI 54-101.

Voting Your Harborside Shares by Proxy

What is a Form of Proxy?

A form of proxy is a document that authorizes someone to virtually attend the Harborside Meeting and cast your votes for you. We have enclosed a form of proxy with this Circular. You should use it to appoint a proxyholder, although you can also use any other legal form of proxy.

Voting by Proxy or VIF

In order to streamline the virtual meeting process, Harborside requests that all Harborside Shareholders who will not be virtually attending the Harborside Meeting complete, date and sign the enclosed form of proxy (in the return envelope provided for that purpose), or, alternatively, vote over the Internet, in each case in accordance with the instructions set out herein.

Registered Shareholders

If you do not virtually attend the Harborside Meeting, you can still make your votes count by appointing someone who will be there to act as your proxyholder at the Harborside Meeting. You can appoint the persons named in the enclosed form of proxy, who are each a director or an officer of Harborside. **Alternatively, you can appoint any other person not named in the enclosed form of proxy (who need not be a Harborside Shareholder) to virtually attend the Harborside Meeting as your proxyholder.** Please refer to the heading "*Appointing a Proxyholder*" below for further details.

Regardless of who you appoint as your proxyholder, you can either instruct that appointee how you want to vote or you can let your appointee decide for you. You can do this by completing the form of

proxy. Any proxy to be used at the Harborside Meeting must be received by Odyssey prior to 11:00 a.m. (Toronto time) on February 17, 2022 or 48 hours (excluding Saturdays, Sundays and holidays) before any adjournment or postponement of the Harborside Meeting. Late proxies may be accepted or rejected by the Chair of the Harborside Meeting in his discretion, and the Chair of the Harborside Meeting is under no obligation to accept or reject any late proxy. The time limit for deposit of proxies may be waived or extended by the Chair of the Harborside Meeting at his discretion, without notice.

As a Registered Shareholder, you can vote your Harborside Shares by proxy in the following ways:

- by mail at: Odyssey Transfer Inc., Trader's Bank Building, Attn: Proxy Department, 67 Yonge St., Suite 702, Toronto ON M5E 1J8; or

- online: to vote your proxy online please visit: https://login.odysseytrust.com/pxlogin. You will require the control number printed with your address to the right on your proxy form. If you vote via the Internet, do not mail the proxy form in.

Non-Registered Shareholders

If you are a Non-Registered Shareholder, your Intermediary will send you your proxy-related materials and a VIF that allows you to vote on the Internet or by mail. To vote, you should carefully follow the instructions provided on your VIF. Your Intermediary is required to ask for your voting instructions before the Harborside Meeting. Without specific instructions, your Intermediary is prohibited from voting your Harborside Shares at the Harborside Meeting. Harborside does not know for whose benefit the Harborside Shares registered in the name of CDS or another Intermediary, are held.

The form of proxy supplied to you by your broker will be similar to the proxy provided to Registered Shareholders. However, the purpose of the VIF is limited to instructing the Intermediary on how to vote your Harborside Shares on your behalf. Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge in Canada and the United States. Broadridge mails a VIF in lieu of a proxy provided by Harborside. The VIF will name the same persons as Harborside's form of proxy to represent your Harborside Shares at the Harborside Meeting. You have the right to appoint a person (who need not be a Harborside Shareholder), other than any of the persons designated in the VIF, to represent your Harborside Shares at the Harborside Meeting and that person may be you. To exercise this right, insert the name of the desired representative (which may be you) in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the Internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting voting of Harborside Shares to be represented at the Harborside Meeting. If you receive a VIF from Broadridge, the VIF must be completed and returned to Broadridge, in accordance with Broadridge's instructions, well in advance of the Harborside Meeting in order to have the Harborside Shares voted at the Harborside Meeting or to have an alternate representative duly appointed to attend the virtual Harborside Meeting to vote your Harborside Shares. You should carefully follow the instructions provided to ensure your Harborside Shares are voted at the Harborside Meeting.

In order for a duly appointed proxyholder to represent a Harborside Shareholder at the Harborside Meeting, the Harborside Shareholder must register the proxyholder with Odyssey once the Harborside Shareholder has submitted its form of proxy. Failure to register a duly appointed proxyholder will result in the proxyholder not receiving a unique control number, which is necessary in order for the proxyholder to participate in the Harborside Meeting. To register a duly appointed proxyholder, a Harborside Shareholder must contact Odyssey at harborside@odysseytrust.com by no later than 11:00 a.m. (Toronto time) on February 17, 2022 (or by 11:00 a.m. (Toronto time) on the day other than a Saturday, Sunday or statutory or civic holiday which is at least 48 hours prior to any adjourned or postponed Harborside Meeting) and provide Odyssey with its proxyholder's contact information, so that Odyssey may provide the proxyholder with a control number via email. If you appoint and register a non-management

proxyholder, please ensure that they attend the Harborside Meeting for your vote to count. See "*Appointing a Proxyholder*", below.

Please contact your Intermediary if you do not receive a VIF. Alternatively, you may receive from your Intermediary a pre-authorized form of proxy indicating the number of Harborside Shares to be voted, which you should complete, sign, date and return as directed on the form. **Each Intermediary has its own procedures which should be carefully followed by Non-Registered Shareholders to ensure that their Harborside Shares are voted by their Intermediary on their behalf at the Harborside Meeting.**

Appointing a Proxyholder

The following applies to Harborside Shareholders who wish to appoint a person other than the management nominees set forth in the form of proxy or VIF as proxyholder, including Non-Registered Shareholders who wish to appoint themselves as proxyholder to virtually attend, participate or vote at the Harborside Meeting.

Harborside Shareholders who wish to appoint a third-party proxyholder to virtually attend, participate and vote at the Harborside Meeting as their proxyholder and vote their Harborside Shares **MUST** submit their proxy or VIF (as applicable) appointing such third-party proxyholder (see STEP 1 below) **AND** register the third-party proxyholder (see STEP 2 below). Registering your proxyholder is an additional step to be completed AFTER you have submitted your proxy or VIF. **Failure to register the proxyholder will result in the proxyholder not receiving a username to virtually attend, participate or vote at the Harborside Meeting.**

- **STEP 1: Submit your proxy or VIF:** To appoint a third-party proxyholder, strike out the names of the persons named in the enclosed form of proxy or VIF and insert such third-party proxyholder's name in the blank space provided. Follow the instructions for submitting such form of proxy or VIF. This must be completed prior to registering such proxyholder, which is an additional step to be completed once you have submitted your form of proxy or VIF.

- **STEP 2: Register your proxyholder:** The person you appoint as proxyholder **MUST** contact Odyssey at harborside@odysseytrust.com and provide Odyssey with such proxyholder's contact information. Odyssey will provide the proxyholder with a username by e-mail after the voting deadline has passed. The password to the Harborside Meeting is "harborside2022" (case sensitive). Without the username, proxyholders will not be able to participate or vote at the Harborside Meeting. It is the responsibility of the Harborside Shareholder to advise their proxyholder (the person they appoint) to contact Odyssey to request a username.

If you are a Non-Registered Shareholder and wish to virtually attend, participate and vote at the Harborside Meeting, you have to strike out the names of the Persons named in the VIF sent to you by your Intermediary and insert your own name in the space provided. Follow all of the applicable instructions provided by your Intermediary AND register yourself as your proxyholder, as described above. By doing so, you are instructing your Intermediary to appoint you as proxyholder. It is important that you comply with the signature and return instructions provided by your Intermediary. Please also see further instructions above under the heading "*Voting Your Harborside Shares at the Harborside Meeting – Non-Registered Shareholders*".

If you are a Non-Registered Shareholder and you have not appointed yourself as proxy, and wish to virtually attend the Harborside Meeting as a guest only, you should select "I am a guest" and complete the online form in order to virtually attend the Harborside Meeting.

Instructing your Proxy and Exercise of Discretion by your Proxy

You may indicate on your form of proxy how you wish your proxyholder to vote your Harborside Shares. To do this, simply mark the appropriate boxes on the form of proxy. If you do this, your proxyholder must vote your Harborside Shares in accordance with the instructions you have given.

If you do not give any instructions as to how to vote on a particular issue to be decided at the Harborside Meeting, your proxyholder can vote your Harborside Shares as they think fit. If you have appointed the persons designated in the form of proxy as your proxyholder, they will, unless you give contrary instructions, vote **FOR** each of the matters placed before the Harborside Meeting. The enclosed form of proxy give the persons named on it the authority to use their discretion in voting on amendments or variations to matters identified on the Notice of Special Meeting. At the time of printing this Circular, the management of Harborside is not aware of any other matter to be presented for action at the Harborside Meeting. If, however, other matters do properly come before the Harborside Meeting, the persons named on the enclosed form of proxy will vote on them in accordance with their best judgment, pursuant to the discretionary authority conferred by the form of proxy with respect to such matters.

Revoking your Proxy

A Harborside Shareholder who has voted by proxy may revoke it any time prior to the Harborside Meeting. To revoke a proxy, a Registered Shareholder may: (a) deliver a written notice to Harborside's registered office at 77 King Street West, Toronto, Ontario, M5K 1H1, or to the offices of Odyssey at Odyssey Transfer Inc., Trader's Bank Building, Attn: Proxy Department, 67 Yonge St., Suite 702, Toronto ON M5E 1J8, at any time up to and including the close of business on the last Business Day preceding the day of the Harborside Meeting, or any adjournment or postponement thereof; (b) vote again on the Internet at any time up to 11:00 a.m. (Toronto time) on February 17, 2022 (or by 11:00 a.m. (Toronto time) on the day other than a Saturday, Sunday or statutory or civic holiday which is at least 48 hours prior to any adjourned or postponed Harborside Meeting) at https://login.odysseytrust.com/pxlogin; or (c) complete a form of proxy that is dated later than the form of proxy being changed, and mailing it as instructed on the form of proxy so that it is received before 11:00 a.m. (Toronto time) on February 17, 2022 (or by 11:00 a.m. (Toronto time) on the day other than a Saturday, Sunday or statutory or civic holiday which is at least 48 hours prior to any adjourned or postponed Harborside Meeting). If you log in to the Harborside Meeting, you will not be revoking any previously submitted proxies. However, if you vote on a ballot at the Harborside Meeting you will be revoking any and all previously submitted proxies. **If you DO NOT wish to revoke your previously submitted proxies, do not vote at the Harborside Meeting.** In addition, the proxy may be revoked by any other method permitted by Law. The written notice of revocation may be executed by the Harborside Shareholder or by an attorney who has the Harborside Shareholder's written authorization. If the Harborside Shareholder is a corporation, the written notice must be executed by its duly authorized officer or attorney.

Only Registered Shareholders have the right to directly revoke a proxy. Non-Registered Shareholders that wish to change their vote must arrange for their respective Intermediaries to revoke the proxy on their behalf in accordance with any requirements of the Intermediaries.

Quorum

Quorum for the Harborside Meeting consists of two persons present in person, each of whom is a Harborside Shareholder entitled to attend and vote at the Harborside Meeting, or the proxyholder of such Harborside Shareholder appointed by means of a valid proxy, holding or representing by proxy in the aggregate not less than 5% of the total number of the issued and outstanding Harborside Shares enjoying voting rights at the Harborside Meeting.

Voting Securities and Principal Harborside Shareholders

The voting securities of Harborside consist of an unlimited number of Subordinate Voting Shares and an unlimited number of Multiple Voting Shares. Harborside Shareholders as the Record Date are

entitled to vote on the basis of: (a) one vote for each Subordinate Voting Share held; and (b) 100 votes for each Multiple Voting Share held. As at the Record Date, Harborside had issued and outstanding: (a) 39,525,407 Subordinate Voting Shares, representing approximately 48% of the voting rights attached to the outstanding voting securities of Harborside, and (b) 425,970.73 Multiple Voting Shares, representing approximately 52% of the voting rights attached to the outstanding voting securities of Harborside

The Subordinate Voting Shares are "restricted securities" as defined under applicable Canadian Securities Laws. Harborside received the requisite prior approval of shareholders of the Lineage Grow Company Ltd. (the name of Harborside prior to completion of its reverse takeover transaction ("**RTO**") with FLRish, Inc. ("**FLRish**"), at the special meeting of shareholders held on May 16, 2019.

The following is a summary of the rights, privileges, restrictions and conditions attached to the Subordinate Voting Shares and the Multiple Voting Shares, prior to giving effect to the amendments contemplated by the Articles Alteration Resolution. For a description of the proposed amendments to the Current MVS Provisions, see "*Business of the Harborside Meeting – Articles Alteration Resolution"*. The proposed changes to the Current MVS Provisions, showing all additions to, and deletions from, the Current MVS Provisions are included in "Appendix R – *Amended and Restated Articles*" attached to this Circular.

Subordinate Voting Shares

Restricted Securities	The Subordinate Voting Shares are "restricted securities" within the meaning of such term under applicable Canadian Securities Laws.
Right to Vote	Subordinate Shareholders are entitled to notice of and to attend at any meeting of the shareholders of Harborside, except a meeting of which only holders of another particular class or series of shares of Harborside will have the right to vote. At each such meeting, Subordinate Shareholders will be entitled to one vote in respect of each Subordinate Voting Share held.
Class Rights	As long as any Subordinate Voting Shares remain outstanding, Harborside may not, without the consent of the Subordinate Shareholders by separate special resolution, prejudice or interfere with any right attached to the Subordinate Voting Shares. Subordinate Shareholders are not entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, or bonds, debentures or other securities of Harborside.
Dividends	Subordinate Shareholders are entitled to receive as and when declared by the directors of Harborside, dividends in cash or property of Harborside. No dividend may be declared or paid on the Subordinate Voting Shares unless Harborside simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Subordinate Voting Share basis) on the Multiple Voting Shares.
Participation	In the event of the liquidation, dissolution or winding-up of Harborside, whether voluntary or involuntary, or in the event of any other distribution of assets of Harborside among its shareholders for the purpose of winding up its affairs, the Subordinate Shareholders will, subject to the prior rights of the holders of any shares of Harborside ranking in priority to the Subordinate Voting Shares, be entitled to participate rateably along with all other Subordinate Shareholders and Multiple Shareholders (on an as-converted to Subordinate Voting Share basis).
Changes	No subdivision or consolidation of the Subordinate Voting Shares will occur unless, simultaneously, the Subordinate Voting Shares and Multiple Voting Shares are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.

Conversion	In the event that an offer is made to purchase Multiple Voting Shares and the offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange on which the Multiple Voting Shares are then listed, to be made to all or substantially all the Multiple Shareholders in a given province or territory of Canada to which these requirements apply, each Subordinate Voting Share will become convertible at the option of the Multiple Shareholders at the inverse of the Conversion Ratio (as defined herein) then in effect at any time while the offer is in effect until one day after the time prescribed by applicable securities legislation for the offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right may only be exercised in respect of Subordinate Voting Shares for the purpose of depositing the resulting Multiple Voting Shares pursuant to the offer, and for no other reason. In such event, Harborside's transfer agent will deposit the resulting Multiple Voting Shares on behalf of the holder. Should the Multiple Voting Shares issued upon conversion and tendered in response to the offer be withdrawn by shareholders or not taken up by the offeror, or should the offer be abandoned, withdrawn or terminated, the Multiple Voting Shares resulting from the conversion will be automatically reconverted, without further intervention on the part of Harborside or on the part of the holder, into Subordinate Voting Shares at the Conversion Ratio then in effect.

Multiple Voting Shares

Right to Vote	Multiple Shareholders are entitled to notice of and to attend at any meeting of the shareholders of Harborside, except a meeting of which only holders of another particular class or series of shares of Harborside have the right to vote. At each such meeting, Multiple Shareholders are entitled to 100 votes per Multiple Voting Share held.
Class Rights	As long as any Multiple Voting Shares remain outstanding, Harborside will not, without the consent of the Multiple Shareholders by separate special resolution, prejudice or interfere with any right attached to the Multiple Voting Shares. Multiple Shareholders will not be entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, or bonds, debentures or other securities of Harborside.
Dividends	Multiple Shareholders are entitled to receive such dividends, *pari passu*, as may be declared and paid to Subordinate Shareholders (on an as-converted to Subordinate Voting Share basis at the Conversion Ratio). No dividend will be declared or paid on the Multiple Voting Shares unless Harborside simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Subordinate Voting Share basis) on the Subordinate Voting Shares and Multiple Voting Shares.
Participation	In the event of the liquidation, dissolution or winding-up of Harborside, whether voluntary or involuntary, or in the event of any other distribution of assets of Harborside among its shareholders for the purpose of winding up its affairs, the Multiple Shareholders will, subject to the prior rights of the holders of any shares of Harborside ranking in priority to the Multiple Voting Shares, be entitled to participate rateably along with all other Subordinate Shareholders and Multiple Shareholders (on an as-converted to Subordinate Voting Share basis).
Conversion	The Multiple Voting Shares each have a restricted right to convert into 100 Subordinate Voting Shares (the "**Conversion Ratio**"), subject to adjustments for

certain customary corporate changes. The ability to convert the Multiple Voting Shares is subject to a restriction that the aggregate number of Subordinate Voting Shares and Multiple Voting Shares held of record, directly or indirectly, by residents of the United States (as determined in accordance with Rules 3b-4 and 12g3-2(a) under the Exchange Act may not exceed 40% of the aggregate number of Subordinate Voting Shares and Multiple Voting Shares issued and outstanding after giving effect to such conversions and subject to a restriction on beneficial ownership of Subordinate Voting Shares exceeding certain levels (see "*Foreign Private Issuer Protection Limitation*", below). In addition, the Multiple Voting Shares will automatically convert into Subordinate Voting Shares in certain circumstances, including upon the registration of the Subordinate Voting Shares under the *United States Securities Act of 1933*, as amended.

In the event that an offer is made to purchase Subordinate Voting Shares and the offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange on which the Subordinate Voting Shares are then listed, to be made to all or substantially all the Subordinate Shareholders in a given province or territory of Canada to which these requirements apply, each Multiple Voting Share will become convertible at the option of the Subordinate Shareholders at the Conversion Ratio at any time while the offer is in effect until one day after the time prescribed by applicable securities legislation for the offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right may be exercised in respect of Multiple Voting Shares for the purpose of depositing the resulting Multiple Voting Shares pursuant to the offer. Should the Subordinate Voting Shares issued upon conversion and tendered in response to the offer be withdrawn by shareholders or not taken up by the offeror, or should the offer be abandoned or withdrawn, the Subordinate Voting Shares resulting from the conversion will be automatically reconverted, without further intervention on the part of Harborside or on the part of the holder, into Multiple Voting Shares at the inverse of the Conversion Ratio then in effect.

Foreign Private Issuer Protection Limitation

The Current MVS Provisions restrict Harborside from affecting any conversion of Multiple Voting Shares, and the Multiple Shareholders will not have the right to convert any portion of the Multiple Voting Shares to the extent that after giving effect to all permitted issuances after such conversions of Multiple Voting Shares, the aggregate number of Subordinate Voting Shares and Multiple Voting Shares held of record, directly or indirectly, by residents of the United States (as determined in accordance with Rules 3b-4 and 12g3-2(a) under the Exchange Act ("**U.S. Residents**")) would exceed 40% of the aggregate number of Subordinate Voting Shares and Multiple Voting Shares issued and outstanding after giving effect to such conversions (the "**FPI Protective Restriction**"). The Harborside Board may by resolution increase the FPI Threshold to an amount not to exceed 50% and in the event of any such increase all references to the FPI Threshold herein, will refer instead to the amended threshold set by such resolution. As of the date of this Circular, the Harborside Board has passed a resolution to increase the FPI Threshold to 50%.

In order to effect the FPI Protection Restriction, each Multiple Shareholder will be subject to the FPI Threshold based on the number of Multiple Voting Shares held by such holder as of the date of the initial issuance of the Multiple Voting Shares and thereafter at the end of each of Harborside's subsequent fiscal quarters (each, a "**Determination Date**"), calculated as follows:

$$X = [(A \times 0.4) - B] \times (C/D)$$

Where on the Determination Date:

X = Maximum number of Subordinate Voting Shares available for issue upon conversion of Multiple Voting Shares by a holder.

A = The number of Subordinate Voting Shares and Multiple Voting Shares issued and outstanding on the Determination Date.

B = Aggregate number of Subordinate Voting Shares and Multiple Voting Shares held of record, directly or indirectly, by U.S. Residents on the Determination Date.

C = Aggregate number of Multiple Voting Shares held by holder on the Determination Date.

D = Aggregate number of all Multiple Voting Shares on the Determination Date.

For purposes of these limitations, the Harborside Board (or a committee thereof) will designate an officer of Harborside to determine as of each Determination Date: (a) the FPI Threshold and (b) the FPI Protective Restriction. Within 30 days of the end of each Determination Date, Harborside will provide each holder of record a notice of the FPI Protection Restriction and the impact the FPI Protective Provision has on the ability of each holder to exercise the right to convert Multiple Voting Shares held by the holder. To the extent that requests for conversion of Multiple Voting Shares subject to the FPI Protection Restriction would result in the FPI Threshold being exceeded, the number of such Multiple Voting Shares eligible for conversion held by a particular holder will be prorated relative to the number of Multiple Voting Shares submitted for conversion. To the extent that the FPI Protective Restriction applies, the determination of whether Multiple Voting Shares are convertible will be in the sole discretion of Harborside.

To the knowledge of the directors and executive officers of Harborside, as at the date of this Circular, the only persons who beneficially own, or control or direct, directly or indirectly, voting securities of Harborside carrying 10% or more of the voting rights attached to any class of Harborside Shares are as follows:

Name	Number of Subordinate Voting Shares Owned, Controlled or Directed	Percentage of Outstanding Subordinate Voting Shares	Number of Multiple Voting Shares Owned, Controlled or Directed	Percentage of Outstanding Multiple Voting Shares	Percentage of Voting Rights Attached to all Outstanding Shares
Roger Jenkins[(1)]	286,062	<1%	111,566	26.2%	13.9%
Linnaeus Management Services, LLC[(2)]	-	-	111,566	26.2%	13.6%
Matthew K. Hawkins[(3)]	1,179,565	2.9%	56,070	13.2%	8.3%
Andrew Sturner[(4)]	1,179,565	2.9%	57,321	13.5%	8.4%
Cresco Capital Partners II, LLC[(5)]	697,638	<1%	56,070	13.2%	7.7%

Notes:

(1) Mr. Jenkins holds 46,062 Subordinate Voting Shares directly and 240,963 Subordinate Voting Shares indirectly through Murray Fields & Company LLC. Mr. Jenkins holds 111,566 Multiple Voting Shares indirectly through Linnaeus Management Services, LLC. As at the date of this Circular, Mr. Jenkins also holds options exercisable into an aggregate of 240,00 Subordinate Voting Shares.

(2) This entity is controlled and directed by Roger Jenkins. Mr. Jenkins is a managing member of Linnaeus Management Services, LLC.
(3) Mr. Hawkins holds an aggregate of 56,070 Multiple Voting Shares indirectly through Cresco Capital Partners II, LLC, 385,542 Subordinate Voting Shares indirectly through CCP FLRISH, LLC, 697,638 Subordinate Voting Shares indirectly through Cresco Capital Partners II, LLC and 96,385 Subordinate Voting Shares indirectly through Cresco Capital Partners, LLC. As at the date of this Circular, Mr. Hawkins also holds options exercisable into an aggregate of 333,350 Subordinate Voting Shares directly and warrants exercisable into an aggregate of 35,500 Multiple Voting Shares indirectly through Cresco Capital Partners II, LLC.
(4) Mr. Sturner holds an aggregate of 56,070 Multiple Voting Shares indirectly through Cresco Capital Partners II, LLC, 1,251 Multiple Voting Shares indirectly through Orange Island Ventures, LLC, 385,542 Subordinate Voting Shares indirectly through CCP FLRISH, LLC, 697,638 Subordinate Voting Shares indirectly through Cresco Capital Partners II, LLC and 96,385 Subordinate Voting Shares indirectly through Cresco Capital Partners, LLC. As at the date of this Circular, Mr. Sturner also holds options exercisable into an aggregate of 130,000 Subordinate Voting Shares directly and warrants exercisable into an aggregate of 36,751 Multiple Voting Shares indirectly through Cresco Capital Partners II, LLC and Orange Island Ventures, LLC.
(5) This entity does business as Entourage Effect Capital and is controlled and directed by Matthew Hawkins and Andrew Sturner, directors of Harborside. Both Mr. Hawkins and Mr. Sturner are partners at Entourage Effect Capital. As at the date of this Circular, Cresco Capital Partners II, LLC also hold warrants exercisable into an aggregate of 35,500 Multiple Voting Shares.

Redemption

At the option of Harborside, Subordinate Voting Shares and/or Multiple Voting Shares owned by an Unsuitable Person (as defined below) may be redeemed by Harborside for the redemption price out of funds lawfully available on the redemption date. Subordinate Voting Shares and Multiple Voting Shares will be redeemable at any time and from time to time. Harborside may pay the redemption price by using its existing cash resources, incurring debt, issuing additional Subordinate Voting Shares and Multiple Voting Shares, issuing a promissory note in the name of the Unsuitable Person, or by using a combination of the foregoing sources of funding.

For purposes hereof, "**Unsuitable Person**" means:

(a) any person with a 5% or more ownership interest in all of the issued and outstanding Harborside Shares (a "**Significant Interest**") who a governmental authority granting the licenses for the business has determined to be unsuitable to own Harborside Shares; or

(b) any person with a Significant Interest whose ownership of shares may result in the loss, suspension or revocation (or similar action) with respect to any licenses or in Harborside being unable to obtain any new licenses in the normal course, including, but not limited to, as a result of such person's failure to apply for a suitability review from or to otherwise fail to comply with the requirements of a governmental authority, as determined by the Harborside Board, in its sole discretion, after consultation with legal counsel and if a license application has been filed, after consultation with the applicable governmental authority.

In connection with the conduct of the business of Harborside, Harborside may require that any Harborside Shareholder provide to one or more governmental authorities, if and when required, information and fingerprints for a criminal background check, individual history form(s), and other information required in connection with applications for licenses for the operation of the business of Harborside.

BUSINESS OF THE HARBORSIDE MEETING

Share Issuance Resolution

At the Harborside Meeting, the Harborside Shareholders will be asked to consider and, if thought advisable, to pass, with or without variation, an ordinary resolution (the "**Share Issuance Resolution**"), the full text of which is included in "Appendix A – *Share Issuance Resolution*" attached to this Circular, approving the issuance by Harborside of Subordinate Voting Shares in connection with the Mergers. The terms of the Mergers, the Loudpack Merger Agreement and the Urbn Leaf Merger Agreement are summarized in this Circular. See "*The Mergers – Description of the Loudpack Merger*", "*The Mergers*

– *Description of the Urbn Leaf Merger*", "*Transaction Agreements – Loudpack Merger Agreement*" and "*Transaction Agreements – Urbn Leaf Merger Agreement*". These summaries do not purport to be complete and are qualified in their entirety by reference to the Loudpack Merger Agreement and the Urbn Leaf Merger Agreement, which have each been filed under Harborside's profile on SEDAR at www.sedar.com.

The Loudpack Merger will result in Harborside acquiring 100% of the equity interests of Loudpack for consideration comprised of, among other things, such number of Subordinate Voting Shares as is equal to the Loudpack Equity Consideration. The Urbn Leaf Merger will result in Harborside acquiring 100% of the equity interests of Urbn Leaf for consideration comprised of such number of Subordinate Voting Shares as is equal to the Urbn Leaf Merger Consideration. The precise number of Subordinate Voting Shares issuable as consideration pursuant to the Mergers cannot be definitively determined as of the date hereof, and will be calculated based on the Harborside Equity Value, Loudpack Equity Value and Urbn Leaf Equity Value, respectively, calculated immediately prior to the closing of the Mergers in accordance with the terms of the Loudpack Merger Agreement and Urbn Leaf Merger Agreement, respectively. Based on calculations of the relative equity values of Harborside, Loudpack and Urbn Leaf as of November 29, 2021**,** being the date of each of the Loudpack Merger Agreement and Urbn Leaf Merger Agreement, Harborside expects to issue approximately 151,427,786 Subordinate Voting Shares as consideration pursuant to the Mergers (prior to giving effect to the proposed Consolidation), comprised of (a) 91,427,786 Subordinate Voting Shares issuable as the Loudpack Equity Consideration, and (b) 60,000,000 Subordinate Voting Shares issuable as Urbn Leaf Merger Consideration, collectively representing approximately 184% of the current issued and outstanding Subordinate Voting Shares, on a non-diluted basis and assuming the conversion of all Multiple Voting Shares into Subordinate Voting Shares. Following the closing of the Mergers, and based on the foregoing estimates of the number of Subordinate Voting Shares issuable as consideration under the Mergers, existing Harborside Shareholders, Loudpack Recipients and Urbn Leaf Shareholders, are expected to beneficially own approximately 35%, 39% and 26% of the Combined Company, respectively, on a non-diluted basis and assuming conversion of all Multiple Voting Shares into Subordinate Voting Shares.

The CSE is requiring Harborside to obtain shareholder approval in connection with the issuance of Subordinate Voting Shares pursuant to the Mergers as the number of Subordinate Voting Shares to be issued is in excess of 100% of the outstanding Subordinate Voting Shares on a non-diluted basis. In order to be effective, the Share Issuance Resolution must be approved, with or without variation, by the affirmative vote of at least a simple majority of the votes cast by Harborside Shareholders present virtually or represented by proxy and entitled to vote at the Harborside Meeting.

Since the precise number of Subordinate Voting Shares issuable under the Mergers will not be determined until immediately prior to closing of the Mergers, the Share Issuance Resolution, if approved, will permit the issuance of such number of Subordinate Voting Shares as are needed to consummate the transactions contemplated by the Merger Agreements. The full text of the Share Issuance Resolution is included in "Appendix A – *Share Issuance Resolution*" attached to this Circular.

If the Harborside Shareholders fail to approve the Share Issuance Resolution by the requisite majority, neither the Loudpack Merger nor the Urbn Leaf Merger will be completed.

If the Share Issuance Resolution is approved at the Harborside Meeting, and the applicable conditions to the completion of each of the Loudpack Merger and Urbn Leaf Merger are satisfied or waived, the Loudpack Merger and Urbn Leaf Merger will take effect commencing at the Loudpack Effective Time and the Urbn Leaf Effective Time, respectively, which are each expected to occur in the first half of 2022.

The Harborside Board unanimously recommends that Harborside Shareholders vote <u>FOR</u> the Share Issuance Resolution. See "*The Mergers – Reasons for the Recommendation of the Harborside Board*".

Unless otherwise directed in a properly completed form of proxy, it is the intention of individuals named in the enclosed form of proxy to vote FOR the Share Issuance Resolution. If you do not specify how you want your Harborside Shares voted at the Harborside Meeting, the persons named as proxyholders in the enclosed form of proxy will cast the votes represented by your proxy at the Harborside Meeting FOR the Share Issuance Resolution.

Name Change Resolution

At the Harborside Meeting, the Harborside Shareholders will be asked to consider and, if thought advisable, to pass, with or without variation, a special resolution (the "**Name Change Resolution**"), the full text of which is included in "Appendix B – *Name Change Resolution*" attached to this Circular, approving an amendment to the articles of Harborside to change the name of Harborside to "StateHouse Holdings Inc.", subject to regulatory approval.

In connection with the Name Change, Harborside has applied to change its trading symbol on the CSE from "HBOR" to "STHZ".

In order to be effective, the Name Change Resolution must be approved, with or without variation, by the affirmative vote of at least two-thirds of the votes cast by Harborside Shareholders, present virtually or represented by proxy and entitled to vote at the Harborside Meeting.

The Harborside Board unanimously recommends that Harborside Shareholders vote their Harborside Shares FOR the Name Change Resolution.

Unless otherwise directed in a properly completed form of proxy, it is the intention of individuals named in the enclosed form of proxy to vote FOR the Name Change Resolution. If you do not specify how you want your Harborside Shares voted at the Harborside Meeting, the persons named as proxyholders in the enclosed form of proxy will cast the votes represented by your proxy at the Harborside Meeting FOR the Name Change Resolution.

The completion of the Mergers is not conditional on the approval of the Name Change Resolution. Should the Harborside Shareholders fail to approve the Name Change Resolution by the requisite majority, the Mergers may still be completed.

Consolidation Resolution

At the Harborside Meeting, the Harborside Shareholders will be asked to consider and, if thought advisable, to pass, with or without variation, a special resolution (the "**Consolidation Resolution**"), the full text of which is included in "Appendix C – *Consolidation Resolution*" attached to this Circular, approving the consolidation (the "**Consolidation**") of all of the issued and outstanding Subordinate Voting Shares and Multiple Voting Shares on the basis of a Consolidation ratio to be selected by the Harborside Board in its discretion, provided that the Consolidation ratio will be no greater than one post-Consolidation Subordinate Voting Share and post-Consolidation Multiple Voting Share, as applicable, for every six pre-Consolidation Subordinate Voting Shares and pre-Consolidation Multiple Voting Shares, as applicable.

In order to be effective, the Consolidation Resolution must be approved, with or without variation, by the affirmative vote of at least two-thirds of the votes cast by Harborside Shareholders, present virtually or represented by proxy and entitled to vote at the Harborside Meeting.

The Harborside Board unanimously recommends that Harborside Shareholders vote their Harborside Shares FOR the Consolidation Resolution.

Unless otherwise directed in a properly completed form of proxy, it is the intention of individuals named in the enclosed form of proxy to vote FOR the Consolidation Resolution. If you do not specify how you want your Harborside Shares voted at the Harborside Meeting, the persons

named as proxyholders in the enclosed form of proxy will cast the votes represented by your proxy at the Harborside Meeting FOR the Consolidation Resolution.

The completion of the Mergers is not conditional on the approval of the Consolidation Resolution. Should the Harborside Shareholders fail to approve the Consolidation Resolution by the requisite majority, the Mergers may still be completed.

Treatment of Fractional Subordinate Voting Shares

In no event will any Subordinate Shareholder be entitled to a fractional post-Consolidation Subordinate Voting Share. Where the aggregate number of post-Consolidation Subordinate Voting Shares to be issued to a Subordinate Shareholder pursuant to the Consolidation would result in a fraction of a post-Consolidation Subordinate Voting Share being issuable, the number of post-Consolidation Subordinate Voting Shares to be received by such Subordinate Shareholder will be rounded down to the nearest whole post-Consolidation Subordinate Voting Share and any fractional post-Consolidation Subordinate Voting Shares arising from the Consolidation of the Subordinate Voting Shares will be deemed to have been tendered by its registered owner to Harborside for cancellation for no consideration.

Treatment of Fractional Multiple Voting Shares

Where the aggregate number of post-Consolidation Multiple Voting Shares to be issued to a Multiple Shareholder pursuant to the Consolidation would result in a fraction of a post-Consolidation Multiple Voting Share being issuable, the number of post-Consolidation Multiple Voting Shares to be received by such Multiple Shareholder will be rounded down to the nearest two decimal points and any fractional post-Consolidation Multiple Voting Shares arising from the Consolidation of the Multiple Voting Shares will be deemed to have been tendered by its registered owner to Harborside for cancellation for no consideration.

Election of the Board Nominees of the Combined Company

At the Harborside Meeting, the Harborside Shareholders will be asked to elect, conditional on the completion of the Mergers (a) Matthew Hawkins; (b) Edward Schmults; (c) Marc Ravner; (d) Kevin Albert; (e) Tiffany Liff; (f) Jonathon Roy Pottle; and (g) James Scott (collectively, the "**Board Nominees**") as directors of Harborside (the "**Combined Company Board Resolution**").

Management does not contemplate that any of the Board Nominees will be unable to serve as a director, but if that should occur for any reason prior to the Harborside Meeting, it is intended that discretionary authority will be exercised by the persons named in the accompanying forms of proxy to vote the proxy for the election of any other person or persons in place of any Board Nominee(s) unable to serve.

The Harborside Board unanimously recommends that Harborside Shareholders vote their Harborside Shares FOR the election of each of the Board Nominees.

Unless otherwise directed in a properly completed form of proxy, it is the intention of individuals named in the enclosed form of proxy to vote FOR the election of each of the Board Nominees. If you do not specify how you want your Harborside Shares voted at the Harborside Meeting, the persons named as proxyholders in the enclosed form of proxy will cast the votes represented by your proxy at the Harborside Meeting FOR the election of each of the Board Nominees.

The completion of the Mergers is not conditional on the election of the Board Nominees. Should the Harborside Shareholders fail to elect the Board Nominees, the Mergers may still be completed.

The Combined Company Board Resolution will only take effect if the Mergers are completed. Until such time, it is expected that the current directors of Harborside will continue to serve on the Harborside Board.

Biographies of Board Nominees

See "Appendix M – *Information Concerning the Combined Company Following Completion of the Mergers – Governance and Management of the Combined Company*" for biographies of each of the Board Nominees.

Shareholder Rights Plan Resolution

On May 31, 2019, Harborside entered into the Shareholder Rights Plan with Odyssey, as rights agent. The objective of the Shareholder Rights Plan is to ensure, to the extent possible, that the Harborside Shareholders and Harborside Board have adequate time to consider and evaluate any unsolicited take-over bid for Harborside, provide the Harborside Board with adequate time to evaluate any such take-over bid, explore and develop value-enhancing alternatives to any such take-over bid, encourage the fair treatment of the Harborside Shareholders in connection with any such take-over bid, and generally assist the Harborside Board in enhancing Harborside Shareholder value. A copy of the Shareholder Rights Plan is available under Harborside's profile on SEDAR at www.sedar.com.

The Harborside Board continues to be committed to achieving the objectives for which the Shareholder Rights Plan was initially adopted. However, Harborside is currently evaluating various alternatives to accelerate the growth of its business, including the Mergers described herein, and has determined that certain amendments are required to be made to the Shareholders Rights Plan. Such amendments would support the growth of Harborside, including in circumstances upon which Harborside engages in an an acquisition, amalgamation, arrangement, merger, business combination or other transaction having similar effect or where existing Harborside Shareholders choose to participate in financing alternatives and capital raising activities proposed by Harborside.

In particular, such amendments are necessary to ensure that an acquisition of Subordinate Voting Shares or of rights to acquire Subordinate Voting Shares, including pursuant to the Mergers, do not inadvertently cause a trigger ("flip-in") event under the Shareholder Rights Plan following which the outstanding rights under the Shareholder Rights Plan (the "**Rights**") might otherwise separate from the Subordinate Voting Shares and become exercisable. The amendments to the Shareholder Rights Plan include:

- amending the definition of "Exempt Acquisition" (as set out in Appendix Q – *Amended and Restated Shareholder Rights Plan Agreement*) to this Circular) to: (i) clarify that certain transactions, statutory or otherwise, that are approved by the Harborside Board and Harborside Shareholders by the requisite majority qualify as Exempt Acquisitions; (ii) provide that a transaction that is an intermediate step in a series of related transactions in connection with an acquisition by Harborside of a person or assets in certain circumstances qualify as Exempt Acquisitions; and (iii) provide that distributions of Subordinate Voting Shares or securities convertible into or exchangeable for Subordinate Voting Shares by way of a private placement or prospectus by Harborside qualify as Exempt Acquisitions; and

- certain additional non-substantive, technical and administrative amendments.

The proposed changes to the Shareholder Rights, including all additions to, and deletion from, the Shareholder Rights Plan, are included in "Appendix Q – *Amended and Restated Shareholder Rights Plan Agreement*" attached to this Circular. Harborside is not proposing the foregoing amendments in response to or in anticipation of any take-over bid that is known to management of Harborside. The proposed changes to the Shareholder Rights Plan are not intended to prevent a take-over of Harborside, to secure continuance of current management or the directors in office or to deter fair offers for the Subordinate Voting Shares. The proposed changes may, however, increase the price paid by a potential offeror to obtain control of Harborside and may discourage certain transactions. The proposed changes to the Shareholder Rights Plan do not affect in any way Harborside's financial condition and will not lessen or affect the duty of the Harborside Board to give due and proper consideration to any offer that

is made and to act honestly, in good faith, and in the best interests of Harborside and the Harborside Shareholders.

At the Harborside Meeting, the Subordinate Shareholders will be asked to consider, and if thought advisable, to pass, with or without variation, an ordinary resolution (the "**SRP Resolution**"), the full text of which is included in "Appendix D – *Shareholder Rights Plan Resolution*" attached to this Circular, amending and reconfirming the Shareholder Rights Plan.

In order to be effective, the SRP Resolution must be approved, with or without variation, by the affirmative vote of at least a simple majority of the votes cast by Subordinate Shareholders, present virtually or represented by proxy and entitled to vote at the Harborside Meeting.

The Harborside Board unanimously recommends that Subordinate Shareholders vote their Subordinate Voting Shares FOR the SRP Resolution.

Unless otherwise directed in a properly completed form of proxy, it is the intention of individuals named in the enclosed form of proxy to vote FOR the SRP Resolution. If you do not specify how you want your Subordinate Voting Shares voted at the Harborside Meeting, the persons named as proxyholders in the enclosed form of proxy will cast the votes represented by your proxy at the Harborside Meeting FOR the SRP Resolution.

It is a condition to the completion of the Loudpack Merger that the SRP Resolution be approved by the requisite majority at the Harborside Meeting. If the Subordinate Shareholders fail to approve the SRP Resolution by the requisite majority, Harborside may elect not to proceed with the Loudpack Merger in its sole discretion.

Articles Alteration Resolution

At the Harborside Meeting, the Harborside Shareholders will be asked to consider and, if thought advisable, to pass, with or without variation, a special resolution (the "**Articles Alteration Resolution**"), the full text of which is included in "Appendix E – *Articles Alteration Resolution*" attached to this Circular, approving certain amendments to the articles of Harborside (the "**Articles**"), including the removal of certain restrictions relating to the conversion of Multiple Voting Shares to Subordinate Voting Shares.

The provisions governing the Multiple Voting Shares (the "**Current MVS Provisions**") in the Articles provide that any issued and outstanding Multiple Voting Shares, including fractions thereof, may at any time, subject to the FPI Conversion Restriction (as defined below), at the option of the holder, be converted into Subordinate Voting Shares at the Conversion Ratio. The right of Multiple Shareholders to convert their Multiple Voting Shares into Subordinate Voting Shares is subject to certain conditions that were designed to maintain Harborside's status as "foreign private issuer" under applicable U.S. securities laws. In particular, such right is subject to the condition that the aggregate number of Subordinate Voting Shares and Multiple Voting Shares held of record, directly or indirectly, by residents of the United States (as determined in accordance with Rules 3b-4 and 12g3-2(a) under the Exchange Act as amended), may not exceed 50% (the "**FPI Threshold**") of the aggregate number of Subordinate Voting Shares and Multiple Voting Shares issued and outstanding after giving effect to such conversions (the "**FPI Conversion Restrictions**"). In no circumstances, may the Harborside Board allow the conversion of Multiple Voting Shares into Subordinate Voting Shares where following such conversion the FPI Threshold would be exceeded (the "**Conversion Prohibition**").

In addition, the Current MVS Provisions restrict Harborside from effecting any conversion of Multiple Voting Shares into Subordinate Voting Shares, where, after giving effect to such conversion, the holder (together with its affiliates and any other persons acting as a group with the holder or its affiliates) would beneficially own more than 9.99% of the number of Subordinate Voting Shares outstanding immediately after giving effect to such conversion (the "**Beneficial Ownership Limitation**"). A Multiple Shareholder may, upon notice to Harborside, increase or decrease the Beneficial Ownership Limitation, provided that (a) the Beneficial Ownership Limitation can not exceed 19.99% of the number

of Subordinate Voting Shares outstanding immediately after giving effect to such conversion; and (b) any increase in the Beneficial Ownership Limitation will not be effective until the 61st day after such notice of increase is delivered to Harborside.

The Multiple Voting Shares are not listed or quoted on any market and can only be traded in the open market upon conversion into Subordinate Voting Shares. Since the Conversion Prohibition and Beneficial Ownership Limitation create circumstances where a Multiple Shareholder may be unable to convert their Multiple Voting Shares into Subordinate Voting Shares, such limitations have the effect of denying Multiple Shareholders the liquidity afforded to Subordinate Shareholders.

The proposed changes to the Current MVS Provisions, showing all additions to, and deletions from, the Current MVS Provisions are included in "Appendix R – *Amended and Restated Articles*" attached to this Circular (the "**Amended and Restated Articles**"). The Amended and Restated Articles are intended to make it easier for Multiple Shareholders to convert their Multiple Voting Shares into Subordinate Voting Shares by giving the Harborside Board the authority to (a) waive the application of the FPI Conversion Restrictions for specific, or future, conversions of Multiple Voting Shares if the Harborside Board determines that such waiver is in the best interests of Harborside; and (b) determine by resolution that it is in the best interests of Harborside that all Multiple Voting Shares be automatically converted into Subordinate Voting Shares. In addition, the Amended and Restated Articles remove the Beneficial Ownership Limitation as, in the view of the Harborside Board, it was unnecessary in connection with the management and conversion of the Multiple Voting Shares.

Harborside anticipates that this change will eventually result in more than 50% of the Subordinate Voting Shares being directly or indirectly owned by shareholders of record domiciled in the U.S., which will have the effect of Harborside no longer meeting the definition of "foreign private issuer" under U.S. securities laws, and which will require Harborside to register under the Exchange Act. If and when Harborside loses its foreign private issuer status and is required to register under the Exchange Act, Harborside will be subject to the SEC's reporting requirements applicable to U.S. domestic companies. The SEC's reporting requirements will require, among other things, Harborside's financial statements and financial data to be prepared in accordance with U.S. GAAP rather than IFRS. The potential risks related to Harborside's loss of foreign private issuer status are described in the Harborside AIF, which is incorporated by reference herein.

Harborside is authorized to issue an unlimited number of Subordinate Voting Shares and the conversion of some or all Multiple Voting Shares into Subordinate Voting Shares will not have any effect on the number of Subordinate Voting Shares that remain available for future issuance.

In order to be effective, the Articles Alteration Resolution must be approved, with or without variation, by the affirmative vote of at least two-thirds of the votes cast by Harborside Shareholders, present virtually or represented by proxy and entitled to vote at the Harborside Meeting.

The Harborside Board unanimously recommends that Harborside Shareholders vote their Harborside Shares FOR the Articles Alteration Resolution.

Unless otherwise directed in a properly completed form of proxy, it is the intention of individuals named in the enclosed form of proxy to vote FOR the Articles Alteration Resolution. If you do not specify how you want your Harborside Shares voted at the Harborside Meeting, the persons named as proxyholders in the enclosed form of proxy will cast the votes represented by your proxy at the Harborside Meeting FOR the Articles Alteration Resolution.

Notwithstanding the approval of the Articles Alteration Resolution by the Harborside Shareholders, the Harborside Board reserves the right to not proceed with the implementation of the Articles Alteration Resolution without further approval of the Harborside Shareholders in the event that the Harborside Board otherwise deems it to be in the best interests of Harborside.

The completion of the Mergers is not conditional on the approval of the Articles Alteration Resolution. Should the Harborside Shareholders fail to approve the Articles Alteration Resolution by the requisite majority, the Mergers may still be completed.

Dissent Rights

The following discussion applies to the Articles Alteration Resolution only. Harborside Shareholders are not entitled to dissent rights with respect to the Share Issuance Resolution, the Name Change Resolution, the Consolidation Resolution, the Combined Company Board Resolution, the By-law Amendment Resolution or the Equity Incentive Plan Amendment Resolution. Subordinate Shareholders are also not entitled to dissent rights with respect to the SRP Resolution.

Section 185 of the OBCA, the provisions of which are included as "Appendix U – *Dissent Rights*" attached to this Circular, provides Harborside Shareholders with the right to dissent and be paid the fair value of its Harborside Shares in accordance with Section 185 of the OBCA. Any Harborside Shareholder who dissents from the vote relating to the Articles Alteration Resolution in compliance with Section 185 of the OBCA will be entitled, in the event that the Articles Alteration Resolution is duly passed, to be paid by Harborside the fair value of Harborside Shares held by such dissenting shareholder determined as of the close of business on the business day before the Articles Alteration Resolution is duly passed. A Harborside Shareholder is not entitled to dissent with respect to the Articles Alteration Resolution if such holder votes any of its Harborside Shares beneficially held by such Harborside Shareholder in favour of the Articles Alteration Resolution.

The execution or exercise of a proxy does not constitute a written objection for purposes of the right to dissent under the OBCA. A dissenting shareholder must submit to Harborside a written objection to the Articles Alteration Resolution at or before the Harborside Meeting, which dissent notice if delivered before the Harborside Meeting, must be received by Harborside, at its head office located at 2100 Embarcadero, Suite 202, Oakland, California, 94606, Attention: Jack Nichols and must otherwise strictly comply with the dissent procedures prescribed by the OBCA. The OBCA requires adherence to the procedures established therein and failure to adhere to such procedures may result in the loss of all rights of dissent.

Non-Registered Shareholders should be aware that only Registered Shareholders are entitled to dissent. Accordingly, a Harborside Shareholder who might desire to exercise its right of dissent must make arrangements for its Harborside Shares beneficially owned by such holder to be registered in such holder's name prior to the time the written objection to the Articles Alteration Resolution is required to be received by Harborside or, alternatively, make arrangements for the Registered Shareholder of such Harborside Shares to dissent on behalf of the Non-Registered Shareholder.

Each Harborside Shareholder who might desire to exercise their right of dissent should carefully consider and comply with the provisions of Section 185 of the OBCA and consult with their legal advisors. The above is only a summary of the dissenting shareholder provisions of the OBCA, which are detailed and complex, and this summary is qualified in its entirety by the reference to the full text of Section 185 of the OBCA, which is attached to this Circular as "Appendix U – *Dissent Rights*". Any Harborside Shareholder who wishes to utilize the dissent rights provided by the OBCA should seek individual legal advice, given that the failure to comply strictly with the provisions of the OBCA may prejudice the right of dissent and result in such dissenting shareholder losing their entitlement to be paid the fair market value of their Harborside Shares.

Equity Incentive Plan Amendment Resolution

Currently, subject to adjustment as provided in the Equity Incentive Plan, the aggregate number of Subordinate Voting Shares that may be issued under all awards under the Equity Incentive Plan will be determined by the Harborside Board from time to time ("**Overall Plan Limit**"). As of the date of this Circular, the Harborside Board has determined that the Overall Plan Limit be set at 20% of the issued

and outstanding Subordinate Voting Shares (calculated on a partially diluted basis, assuming the conversion of all Multiple Voting Shares). Notwithstanding the foregoing, the aggregate number of Subordinate Voting Shares that may be issued pursuant to awards of Incentive Stock Options to be issued to United States residents eligible under the Equity Incentive Plan will not exceed 4,279,905 Subordinate Voting Shares, representing 10% of the issued and outstanding Subordinate Voting Shares (calculated on a partially diluted basis, assuming the conversion of all Multiple Voting Shares) as of the date on which the Equity Incentive Plan was initially adopted by the Harborside Board.

At the Harborside Meeting, the Harborside Shareholders will be asked to consider and, if thought advisable, to pass, with or without variation, an ordinary resolution, the full text of which is included in "Appendix F – *Equity Incentive Plan Amendment Resolution*" attached to this Circular, approving an amendment to the Equity Incentive Plan to increase the maximum number of Subordinate Voting Shares which may be allocated for issuance pursuant to Incentive Stock Options under subsection 4(a) of the Equity Incentive Plan from 4,279,905 Subordinate Voting Shares to up to 23,355,026 Subordinate Voting Shares or such lesser amount determined by the Harborside Board.

A copy of the Equity Incentive Plan is available under Harborside's profile on SEDAR at www.sedar.com, and the proposed changes to the Equity Incentive Plan, including all additions to, and deletion from, the Equity Incentive Plan, are included in "Appendix S – *Amended and Restated Equity Incentive Plan*" attached to this Circular.

Harborside believes that awards under the Equity Incentive Plan are an effective means of rewarding corporate and individual performance. The proposed amendments to the Equity Incentive Plan will provide Harborside with the continued flexibility of granting such awards under the Equity Incentive Plan.

In order to be effective, the Equity Incentive Plan Amendment Resolution must be approved, with or without variation, by the affirmative vote of at least a simple majority of the votes cast by Harborside Shareholders, present virtually or represented by proxy and entitled to vote at the Harborside Meeting.

The Harborside Board unanimously recommends that Harborside Shareholders vote their Harborside Shares FOR the Equity Incentive Plan Amendment Resolution.

Unless otherwise directed in a properly completed form of proxy, it is the intention of individuals named in the enclosed form of proxy to vote FOR the Equity Incentive Plan Amendment Resolution. If you do not specify how you want your Harborside Shares voted at the Harborside Meeting, the persons named as proxyholders in the enclosed form of proxy will cast the votes represented by your proxy at the Harborside Meeting FOR the Equity Incentive Plan Amendment Resolution.

The completion of the Mergers is not conditional on the approval of the Equity Incentive Plan Amendment Resolution. Should the Harborside Shareholders fail to approve the Equity Incentive Plan Amendment Resolution by the requisite majority, the Mergers may still be completed.

By-law Amendment Resolution

Prior to July 5, 2021, Section 118(3) of the OBCA required that for all non-resident corporations at least 25% of directors of a company must be resident Canadians. On July 5, 2021, Section 118(3) of the OBCA was repealed. By resolution made as of January 17, 2022, the Harborside Board resolved, subject to confirmation and ratification of the Harborside Shareholders, to make corresponding amendments to the By-law to remove Canadian residency requirements of its directors. Specifically, Section 3.2(c) of the By-law was deleted in its entirety as it imposed a requirement that at least 25% of the Harborside Board be resident Canadians.

Section 116(2) of the OBCA provides that an amendment to the By-law made by the Harborside Board be submitted to the Harborside Shareholders at the next meeting of the Harborside Shareholders and the Harborside Shareholders may, by ordinary resolution confirm, reject or amend the amendment.

At the Harborside Meeting, the Harborside Shareholders will be asked to consider and, if thought advisable, to pass, with or without variation, an ordinary resolution, the full text of which is included in "Appendix G – *By-law Amendment Resolution*" attached to this Circular, approving, confirming and ratifying the amendments to the By-law.

A copy of the By-law is available under Harborside's profile on SEDAR at www.sedar.com, and the proposed amendments to the By-law, including all additions to, and deletion from, the By-law, are included in "Appendix T – *Amended and Restated By-law No. 2*" attached to this Circular.

In order to be effective, the By-law Amendment Resolution must be approved, with or without variation, by the affirmative vote of at least a simple majority of the votes cast by Harborside Shareholders, present virtually or represented by proxy and entitled to vote at the Harborside Meeting.

The Harborside Board unanimously recommends that Harborside Shareholders vote their Harborside Shares FOR the By-law Amendment Resolution.

Unless otherwise directed in a properly completed form of proxy, it is the intention of individuals named in the enclosed form of proxy to vote FOR the By-law Amendment Resolution. If you do not specify how you want your Harborside Shares voted at the Harborside Meeting, the persons named as proxyholders in the enclosed form of proxy will cast the votes represented by your proxy at the Harborside Meeting FOR the By-law Amendment Resolution.

The completion of the Mergers is not conditional on the approval of the By-law Amendment Resolution. Should the Harborside Shareholders fail to approve the By-law Amendment Resolution by the requisite majority, the Mergers may still be completed.

Appointment of Auditor

Effective October 26, 2021, MNP LLP (the "**Former Auditor**") resigned as auditor on its own initiative and Armanino was appointed to conduct audit services for Harborside starting on October 27, 2021. Harborside's audit committee and the Harborside Board considered and approved both the resignation of the Former Auditor and the appointment of Armanino as auditor of Harborside. In accordance with section 4.11 of National Instrument 51-102 *Continuous Disclosure Obligations*, Harborside filed the "reporting package" on SEDAR under Harborside's issuer profile (the "**Change of Auditor Reporting Package**") on November 4, 2021. The Change of Auditor Reporting Package, included as "Appendix V – *Change of Auditor Reporting Package*" attached to this Circular, includes the change of auditor notice, a letter from the Former Auditor and a letter from Armanino as successor auditor.

Other Business

As of the date of this Circular, management of Harborside is not aware of any other items of business to be considered at the Harborside Meeting. If other matters are properly brought up at the Harborside Meeting, Harborside Shareholders can vote as they see fit and the enclosed proxy will be voted on such matters in accordance with the best judgment of the persons named in such proxies.

THE MERGERS

Overview of the Mergers

On November 29, 2021 (a) Harborside, Loudpack Merger Subco, Loudpack and the Sole Stockholder entered into the Loudpack Merger Agreement pursuant to which Harborside agreed to acquire all of the equity interests of Loudpack; and (b) Harborside, Urbn Leaf Merger Subco and Urbn Leaf entered into the Urbn Leaf Merger Agreement pursuant to which Harborside agreed to acquire all of the equity interests of Urbn Leaf.

The acquisition of Loudpack will be effected by way of a merger between Loudpack and Loudpack Merger Subco in accordance with the requirements of the DGCL and pursuant to the terms of the

Loudpack Merger Agreement, and the acquisition of Urbn Leaf will be effected by way of a merger between Urbn Leaf and Urbn Leaf Merger Subco in accordance with the requirements of the CGCL and pursuant to the terms of the Urbn Leaf Merger Agreement.

Subject to the approval of the Share Issuance Resolution by the Harborside Shareholders, the approval of the SRP Resolution by the Subordinate Shareholders, the approval of the Loudpack Merger by the Sole Stockholder and the Voting Members, and the satisfaction or waiver of certain other conditions, Harborside will acquire all of the equity interests of Loudpack at the Loudpack Effective Time and Loudpack will become a wholly-owned Subsidiary of Harborside.

Subject to the approval of the Share Issuance Resolution by the Harborside Shareholders, the approval of the Urbn Leaf Merger by the Urbn Leaf Shareholders and the satisfaction or waiver of certain other conditions, Harborside will acquire all of the equity interests of Urbn Leaf at the Urbn Leaf Effective Time and Urbn Leaf will become a wholly-owned Subsidiary of Harborside.

If the Mergers are completed, Harborside will continue the operations of Harborside, Loudpack and Urbn Leaf on a combined basis under the name "StateHouse Holdings Inc.".

Following the closing of the Mergers, and based on the estimated number of Subordinate Voting Shares issuable as consideration under each of the Loudpack Merger and Urbn Leaf Merger as of November 29, 2021, existing Harborside Shareholders, Loudpack Recipients and Urbn Leaf Shareholders, are expected to beneficially own approximately 35%, 39% and 26% of the Combined Company, respectively, on a non-diluted basis and assuming conversion of all Multiple Voting Shares into Subordinate Voting Shares.

For further information regarding Harborside following completion of the Mergers, see "*Information Concerning the Parties to the Merger Agreements – Information Concerning the Combined Company Following Completion of the Mergers*" and "Appendix M – *Information Concerning the Combined Company Following Completion of the Mergers*" attached to this Circular.

Recommendation of the Harborside Board

The Harborside Board, having undertaken a thorough review of, and having carefully considered the terms of each of the Mergers and the Merger Agreements, and after consulting with its financial and legal advisors, including having received and taken into account the Fairness Opinions and such other matters as it considered necessary and relevant, including the factors set out below under the heading "*Reasons for the Recommendation of the Harborside Board*" has unanimously determined that the Mergers are in the best interests of Harborside and has authorized Harborside to enter into the Merger Agreements and all related agreements.

Accordingly, the Harborside Board has unanimously approved the Mergers and the entering into by Harborside of the Merger Agreements and unanimously recommends that the Harborside Shareholders vote <u>FOR</u> the Share Issuance Resolution.

Reasons for the Recommendation of the Harborside Board

In making its recommendation, the Harborside Board has reviewed and considered a number of factors relating to the Mergers, including those listed below, with the benefit of advice from its senior management teams and financial and legal advisors. The following is a summary of the principal reasons for the recommendations of the Harborside Board:

- **Statewide Retail Presence**. The Combined Company is expected to have 15 retail locations across key urban areas of California, with significant influence and control over shelf space and brand value. This strong retail platform will feature a unified retail banner, leading in-store customer service, ease of accessibility and delivery and a diversified product offering.

- **Brands with Leading Market Share**. The Combined Company is expected to have a portfolio of leading brands with strong positions in the largest market segments. It will offer a deep roster of products at a variety of price points, creating a wide range of appeal to all customer types. The Combined Company intends to support its retail customers through strong product selection, effective marketing support and a distribution strategy that reduces channel conflict.

- **Vertical Integration and Outsized Margin Potential**. The Combined Company expects to achieve synergies through full vertical integration, with enhanced control over quality and input costs, production and distribution efficiencies and access to shelf space. Vertical integration is expected to drive margin expansion at every stage of the value chain from cultivation to retail operations, creating leadership in each segment of the industry.

- **Scaled Cultivation Platform**. The Combined Company is expected to have a cultivation platform that is scaled to meet its production needs and limiting its reliance on the bulk market.

- **Strength in Manufacturing Driving Top-Tier Portfolio of Branded Products**. The Combined Company's leading manufacturing facility is expected to be positioned to continue developing new brands and SKUs to compete in California and expand globally in the future.

- **Rolling up California**. The Combined Company expects to be well-positioned to leverage its scale, reduced cost of capital and extensive management and board-level experience to acquire companies across the value chain, expand its footprint and build a flagship California cannabis company.

- **Participation in Future Growth**. Harborside Shareholders will participate in future increases in the value of the Combined Company and the opportunities associated with the Combined Company's cannabis platform. Following completion of the Mergers, existing Harborside Shareholders are expected to beneficially own approximately 35% of the Combined Company on a non-diluted basis and assuming conversion of all Multiple Voting Shares into Subordinate Voting Shares.

- **Strong Leadership**. In connection with the Mergers, the Combined Company intends to reconstitute its management team and the Combined Company Board. The proposed new management team and board of directors have deep experience in cannabis retail and cultivation as well as the consumer-packaged goods sector. The proposed CEO of the Combined Company, Ed Schmults, has more than 30 years of experience leading world-class brands, including Patagonia and FAO Schwarz. See "Appendix M – *Information Concerning the Combined Company Following Completion of the Mergers – Governance and Management of the Combined Company*".

- **Comprehensive Arm's Length Negotiations**. The terms of the Mergers are the result of comprehensive negotiation processes, undertaken with the oversight and participation of Harborside's legal counsel and a special committee of independent members of the Harborside Board, and in the judgment of the Harborside Board relying on financial, legal and other advisors and discussions with management and their review of the Fairness Opinions and the consideration to be paid to the Sole Stockholder and Urbn Leaf Shareholders under the Loudpack Merger and Urbn Leaf Merger, respectively.

- **Shareholder Approval**. Completion of the Mergers is subject to the approval of the Share Issuance Resolution by a simple majority of the votes cast by Harborside Shareholders present (virtually) or represented by proxy and entitled to vote at the Harborside Meeting, which protects Harborside Shareholders.

- **Regulatory Approvals**. Management expects that the Mergers will receive all required approvals under applicable Antitrust Laws and all other required regulatory approvals based on the advice of Harborside's legal and other advisors.

- **Superior Proposals**. Each of the Loudpack Merger Agreement and Urbn Leaf Merger Agreement permit the Harborside Board in the exercise of its fiduciary duties to respond to certain unsolicited acquisition proposals that are more favourable, from a financial point of view, to Harborside Shareholders than the Loudpack Merger and/or the Urbn Leaf Merger, as the case may be. The Loudpack Termination Fee of US$5.0 million payable to Loudpack under certain circumstances and the Urbn Leaf Termination Fee of US$2.5 million are each within the range of termination fees that are considered reasonable for transactions of this nature and size.

- **PI Financial Fairness Opinions**. The PI Financial Loudpack Fairness Opinion provided to the Harborside Board to the effect that, as of November 29, 2021 and based upon the assumptions, limitations and qualifications set out therein, the consideration to be paid by Harborside to the Loudpack Shareholders pursuant to the Loudpack Merger Agreement is fair, from a financial point of view, to Harborside. In addition, the PI Financial Urbn Leaf Fairness Opinion provided to the Harborside Board to the effect that, as of November 29, 2021 and based upon the assumptions, limitations and qualifications set out therein, the consideration to be paid by Harborside to the Urbn Leaf Shareholders pursuant to the Urbn Leaf Merger Agreement is fair, from a financial point of view, to Harborside.

- **Other Factors**. The Harborside Board also considered the Mergers with reference to the financial condition and results of operations of Harborside, as well as its prospects, strategic alternatives and competitive position, including the risks involved in achieving those prospects and following those alternatives in light of current market conditions and Harborside's financial position.

In coming to its determinations and recommendations with respect to the Mergers, the Harborside Board also considered a number of potential risks and potential negative factors, which the Harborside Board concluded were outweighed by the positive substantive and procedural factors of the Mergers described above, including the following:

- the risks to Harborside if the Mergers are not completed, including the costs to Harborside in pursuing the Mergers, the significant attention required of management to complete the Mergers, restrictions on the conduct of Harborside's business prior to completion of the Mergers, and the potential impact on Harborside's current business operations and relationships (including with current and prospective employees, customers, distributors, suppliers and partners);

- conditions to each of Loudpack's and Urbn Leaf's obligation to complete the Loudpack Merger and Urbn Leaf Merger, respectively, and the right of each of Loudpack an Urbn Leaf to terminate the Loudpack Merger Agreement and Urbn Leaf Merger Agreement, respectively, under certain circumstances; and

- the limitations contained in each of the Loudpack Merger Agreement and Urbn Leaf Merger Agreement on Harborside's ability to solicit interest from third parties and the fact that if the Loudpack Merger Agreement is terminated under certain circumstances, Harborside must pay the Loudpack Termination Fee or Reduced Termination Fee to Loudpack, and if the Urbn Leaf Merger Agreement is terminated under certain circumstances, Harborside must pay the Urbn Leaf Termination Fee to Urbn Leaf.

The foregoing summary of the information and factors considered by the Harborside Board in reaching its determination and recommendation is not intended to be exhaustive but includes the material information and factors considered by the Harborside Board in its consideration of the Mergers. In view of the wide variety of factors and the amount of information considered in connection with the Harborside Board's evaluation of the Mergers and the complexity of these matters, the Harborside Board did not find it practicable to, and did not quantify or otherwise attempt to assign any relative weight to each of the specific factors considered in reaching its conclusion and recommendation. The

conclusion and recommendation of the Harborside Board was made after consideration of all of the above-noted and other factors and in light of the Harborside Board's knowledge of the business, financial condition and prospects of Harborside, Loudpack and Urbn Leaf and were based upon the advice of Harborside's financial advisors and legal counsel. In addition, individual members of the Harborside Board may have assigned different weights to different factors.

The Harborside Board's reasons for recommending the Mergers include certain assumptions relating to forward-looking information, and such information and assumptions are subject to various risks. See "*Management Information Circular – Cautionary Statement Regarding Forward-Looking Statements*" and "*Risk Factors*".

PI Financial Fairness Opinions

PI Financial was retained by Harborside to act as its financial advisors in connection with each of the Loudpack Merger and Urbn Leaf Merger. The engagement includes providing Harborside with financial advisory services related to the Mergers, including providing opinions as to the fairness, from a financial point of view, to Harborside, of (a) the consideration to be paid by Harborside pursuant to the Loudpack Merger, and (b) the consideration to be paid by Harborside pursuant to the Urbn Leaf Merger.

At a meeting of the Harborside Board held on November 29, 2021, PI Financial orally delivered its opinions to the Harborside Board, which were subsequently confirmed in writing, that, as at the dates thereof and based upon the assumptions, limitations and qualifications set out therein, (a) the consideration to be paid by Harborside pursuant to the Loudpack Merger is fair, from a financial point of view, to Harborside, and (b) the consideration to be paid by Harborside pursuant to the Urbn Leaf Merger is fair, from a financial point of view, to Harborside.

The full text of the PI Financial Loudpack Fairness Opinion, setting out, among other things, the scope of review, assumptions made, matters considered and limitations and qualifications on the review undertaken in connection with the PI Financial Loudpack Fairness Opinion, is included as "Appendix H – *PI Financial Loudpack Fairness Opinion"* attached to this Circular. The full text of the PI Financial Urbn Leaf Fairness Opinion, setting out, among other things, the scope of review, assumptions made, matters considered and limitations and qualifications on the review undertaken in connection with the PI Financial Urbn Fairness Opinion, is included as "Appendix I – *PI Financial Urbn Leaf Fairness Opinion*" attached to this Circular.

This summary of the Fairness Opinions is qualified in its entirety by reference to the full text of the opinions and Harborside Shareholders are urged to read the Fairness Opinions in their entirety.

Pursuant to the terms of its engagement letters with PI Financial dated effective July 27, 2021, Harborside agreed to pay PI Financial a flat fee as consideration for delivery of the Fairness Opinions, which is not contingent on the conclusions reached in the Fairness Opinions or the completion of the Mergers. Harborside has also agreed to reimburse PI Financial for its reasonable out-of-pocket expenses incurred in connection with its services and to indemnify PI Financial against certain liabilities that might arise out of its engagement. The payment of expenses is not dependent on the completion of the Mergers.

The Fairness Opinions were prepared at the request of and for the information and assistance of the Harborside Board in connection with its consideration of the Mergers. The Fairness Opinions are not a recommendation to any Harborside Shareholder as to how to vote on the Share Issuance Resolution or act on any matter relating to the Mergers. The Fairness Opinions do not address any other aspect of the Mergers and no opinion or view was expressed as to the relative merits of the Mergers in comparison to other strategies or transactions that might be available to Harborside or in which Harborside might engage or as to the underlying business decision of Harborside to proceed with or effect the Mergers. The Fairness Opinions were only one factor that was taken into consideration by the Harborside Board

in approving the terms of the Merger Agreements and the Mergers and making its unanimous determination that the Mergers are in the best interests of Harborside and to recommend that the Harborside Shareholders vote in favour of the Share Issuance Resolution. See "*The Mergers – Reasons for the Recommendation of the Harborside Board*". Neither PI Financial nor any of its affiliates is an insider, associate or affiliate (as such terms are defined in applicable Canadian Securities Laws) of Harborside or any of its respective associates or affiliates.

The Harborside Board urges Harborside Shareholders to review the Fairness Opinions carefully and in their entirety. See "Appendix H – *PI Financial Loudpack Fairness Opinion*" and "Appendix I – *PI Financial Urbn Leaf Fairness Opinion*" attached to this Circular.

Details of the Loudpack Merger

On November 29, 2021, Harborside, Loudpack Merger Subco, Loudpack and the Sole Stockholder entered into the Loudpack Merger Agreement pursuant to which Harborside agreed to acquire all of the equity interests of the Loudpack by way of a merger between Loudpack Merger Subco and Loudpack at the Loudpack Effective Time in accordance with the requirements of the DGCL. Subject to the approval of the Share Issuance Resolution by the Harborside Shareholders, the approval of the SRP Resolution by the Subordinate Shareholders, the approval of the Loudpack Merger by the Sole Stockholder and the Voting Members, the receipt of all regulatory approvals for the Loudpack Merger, including the expiry or termination of all waiting periods under the HSR Act and the receipt of all approvals under applicable Antitrust Laws, and the satisfaction or waiver of certain other closing conditions, at the Loudpack Effective Time, Loudpack Merger Subco will be merged with and into Loudpack, and the surviving company following the merger will become a wholly-owned Subsidiary of Harborside.

As consideration for the equity interests of Loudpack, at the Loudpack Effective Time, Harborside will pay the following aggregate consideration (the "**Loudpack Merger Consideration**") to the Sole Stockholder:

(a) the Closing Cash Payment; and

(b) such number of Subordinate Voting Shares as is equal to the remainder of:

  (i) the quotient of (a) the product of (i) the Share Issuance Percentage, *times* (ii) the Harborside Capitalization, *divided* by (b) the Denominator, *less*

  (ii) the Closing Cash Payment Adjustment, *less*

  (iii) the Accounts Payable Adjustment.

Harborside has also agreed to guarantee Loudpack's obligations under the Carryover Notes and issue the Consideration Warrants. See "*Treatment of Loudpack Debentures*" and "*Issuance of Consideration Warrants*", below.

Calculation of Harborside and Loudpack Equity Values

The number of Subordinate Voting Shares issuable as part of the Loudpack Merger Consideration (the "**Loudpack Equity Consideration**") will be determined based on the Loudpack Equity Value and the Harborside Equity Value, which will be set forth in closing statements delivered by Loudpack (the "**Loudpack Closing Statement**") and Harborside (the "**Harborside Closing Statement (Loudpack Merger**)") at least 10 Business Days prior to the closing of the Loudpack Merger. Each of the Harborside Closing Statement and Loudpack Closing Statement will set forth good faith estimates of the Harborside Equity Value and Loudpack Equity Value, respectively, and will be prepared in accordance with the Loudpack Merger Agreement.

The Loudpack Merger Consideration will be calculated based on the good faith estimates of the Harborside Equity Value and Urbn Leaf Equity Value, respectively, and the Subordinate Voting Shares

comprising the Urbn Leaf Merger Consideration issued on that basis. The Loudpack Equity Consideration will then be adjusted on a post-closing basis in accordance with the terms of the Loudpack Merger Agreement to account for any changes in the Accounts Payable of Loudpack, to satisfy any potential indemnification claims and to otherwise account for any other required changes or updates to the Harborside Equity Value and/or Loudpack Equity Value, respectively, as of the Loudpack Closing Date, among other things.

Based on the agreed upon equity values of Harborside and Loudpack, respectively, as of November 29, 2021, Harborside currently anticipates issuing approximately 91,427,786 Subordinate Voting Shares as the Loudpack Equity Consideration (prior to giving effect to the proposed Consolidation). The precise number of Subordinate Voting Shares issuable as Loudpack Equity Consideration pursuant to the Loudpack Merger is subject to change as described above.

It is expected, beginning on the six-month anniversary of the Loudpack Effective Time and continuing for a period of at least 18 months, that the Loudpack Equity Consideration will be distributed to the Loudpack Recipients in accordance with the terms of the operating agreement of the Sole Stockholder, Holdco II, Sub I and Sub II, as applicable. For additional details on the distribution mechanics, see the section entitled "Consolidated Capitalization" in "Appendix K – *Information Concerning Loudpack*".

Assuming the issuance of 91,427,786 Subordinate Voting Shares under the Loudpack Merger (prior to giving effect to the proposed Consolidation), following such distribution, the Loudpack Recipients, in the aggregate, are expected to beneficially own approximately 39% of the Combined Company on a non-diluted basis and assuming the closing of the Urbn Leaf Merger and the conversion of all of the Multiple Voting Shares to Subordinate Voting Shares.

Escrow of Loudpack Equity Consideration

The Subordinate Voting Shares issuable as Loudpack Equity Consideration will deposited in escrow with the Loudpack Escrow Agent in accordance with the terms of the Loudpack Merger Agreement and the Loudpack Escrow Agreement. In particular, the following number of Subordinate Voting Shares (prior to giving effect to the proposed Consolidation) will be deposited in escrow:

(a) such number of Subordinate Voting Shares having a Fair Market Value as of the Loudpack Closing Date equal to US$10,000,000 to be used to satisfy any indemnification claims made by Loudpack pursuant to the Loudpack Merger Agreement, to be held in escrow until the later of (a) the final resolution of any indemnification claims made by Harborside in accordance with the terms of the Loudpack Merger Agreement and the Loudpack Escrow Agreement, or (b) the 18-month anniversary of the closing of the Loudpack Merger; and

(b) 2,500,000 Subordinate Voting Shares, to be used to satisfy any required post-closing adjustments to the calculation of the aggregate Loudpack Merger Consideration payable under the Loudpack Merger (and the related calculations of the Harborside Equity Value and Loudpack Equity Value), to be held in escrow until Harborside and the Sole Stockholder execute joint written instructions to the Loudpack Escrow Agent to distribute the appropriate amounts in accordance with the terms of the Loudpack Merger Agreement and the Loudpack Escrow Agreement.

Lock-Up of Loudpack Equity Consideration

In addition to the escrow obligations outlined above, Harborside has entered into a lock-up agreement with the Sole Stockholder in respect of the Subordinate Voting Shares to be issued as Loudpack Equity Consideration (the "**Loudpack Lock-Up Agreement**"). Pursuant to the Loudpack Lock-Up Agreement, the Sole Stockholder has agreed not to sell, assign or otherwise transfer the Subordinate Voting Shares received pursuant to the Loudpack Merger, subject to certain customary exceptions. The lock-up restrictions will lapse in three equal instalments, with each one-third of the Subordinate Voting Shares released therefrom on the six-month, 12-month and 18-month anniversaries of the Loudpack

Closing Date. Certain of the Voting Members will be required to enter into a lock-up agreement on the same terms as the Loudpack Lock-Up Agreement following the distribution of the Loudpack Equity Consideration to the Voting Members.

Description of the Loudpack Merger

The following summarizes the material steps to effect the Loudpack Merger at the Loudpack Effective Time. This summary is qualified in its entirety by reference to the full text of the Loudpack Merger Agreement, which has been filed under Harborside's SEDAR profile at www.sedar.com.

If the Share Issuance Resolution and the SRP Resolution are approved at the Harborside Meeting, the Loudpack Merger is approved by the Sole Stockholder and the Voting Members, respectively, and the applicable conditions to the completion of the Loudpack Merger are satisfied or waived, then:

(a) in accordance with the DGCL, at the Loudpack Effective Time, Loudpack Merger Subco will be merged with and into Loudpack and the separate corporate existence of Loudpack Merger Subco will cease, and Loudpack will continue as the Surviving Company and a wholly-owned Subsidiary of Harborside. The corporate existence of Loudpack with all its purposes, rights, privileges, franchises, powers and objects, will continue unaffected and unimpaired by the Loudpack Merger;

(b) at the Loudpack Effective Time, the effect of the Loudpack Merger will be as provided in the applicable provisions of the DGCL. Without limiting the generality of the foregoing, at the Loudpack Effective Time:

(i) all the property, rights, privileges, powers and franchises of Loudpack and Loudpack Merger Subco will vest in the Surviving Company, and all debts, liabilities, obligations, restrictions, disabilities and duties of Loudpack and Loudpack Merger Subco will become the debts, liabilities, obligations, restrictions, disabilities and duties of the Surviving Company, except for the Carveout Assets;

(ii) the Certificate of Incorporation of Loudpack will be the Certificate of Incorporation of the Surviving Company, until duly amended or repealed in accordance with the provisions thereof and of applicable Law; and

(iii) the Bylaws of Loudpack will be the Bylaws of the Surviving Company, until duly amended or repealed in accordance with the provisions thereof and of applicable Law;

(c) the Loudpack Common Stock issued and outstanding immediately prior to the Loudpack Effective Time will be canceled and will by virtue of the Loudpack Merger and without any action on the part of the Sole Stockholder be converted automatically into the right to receive the Loudpack Merger Consideration;

(d) all of the Loudpack Common Stock converted will no longer be outstanding and will automatically be canceled and retired and cease to exist and the Sole Stockholder will cease to have any rights with respect thereto, except the right to receive the Loudpack Merger Consideration in accordance with the terms of the Loudpack Merger Agreement;

(e) at the Loudpack Effective Time, all issued and outstanding shares of common stock, par value $0.01 per share, of Loudpack Merger Subco immediately prior to the Loudpack Effective Time will be converted into and become, collectively, one validly issued, fully paid and nonassessable share of common stock, par value $0.01 per share, of the Surviving Company and will constitute the only outstanding shares of capital stock of the Surviving Company; and

(f) on the closing of the Loudpack Merger, the stock transfer books of Loudpack will be closed and there will be no further registration of transfers of Loudpack Common Stock thereafter on the records of Loudpack. From and after the Loudpack Effective Time, the Sole Stockholder will cease to have any rights with respect to such Loudpack Common Stock formerly represented thereby, except as otherwise provided herein or by Law.

If completed, the Loudpack Merger will result in the issuance, at the Loudpack Effective Time, of such number of Subordinate Voting Shares as is equal to the Loudpack Equity Consideration, as discussed above under the heading "*Details of the Loudpack Merger*". If the Loudpack Merger and the Urbn Leaf Merger are completed (a) the Loudpack Recipients are expected to beneficially own approximately 39% of the Combined Company on a non-diluted basis and assuming conversion of all Multiple Voting Shares into Subordinate Voting Shares, and based on the number of Subordinate Voting Shares expected to be issued under each of the Loudpack Merger and Urbn Leaf Merger as of the date hereof; and (b) Loudpack, as the surviving company from the Loudpack Merger, will become a wholly-owned Subsidiary of Harborside.

Timing for Completion of the Loudpack Merger

The Loudpack Merger will be consummated by filing an Agreement of Merger (the "**Agreement of Loudpack Merger**") with the Delaware Secretary of State and by making all other filings or recordings required under the DGCL in connection with the Loudpack Merger. The Loudpack Merger will become effective at such time as the Agreement of Loudpack Merger is duly filed with the Delaware Secretary of State, or at such other time as the parties to the Loudpack Merger Agreement agree will be specified in the Agreement of Loudpack Merger (the "**Loudpack Effective Time**").

The filing of the Agreement of Loudpack Merger with the Delaware Secretary of State and the consummation of the Loudpack Merger is subject to the approval of the Share Issuance Resolution by the Harborside Shareholders, the approval of the SRP Resolution by the Subordinate Shareholders, the approval of the Loudpack Merger by the Sole Stockholder and the Voting Members, the receipt of all regulatory approvals for the Loudpack Merger, including the expiry or termination of all waiting periods under the HSR Act and the receipt of all approvals under applicable Antitrust Laws, and the satisfaction or waiver of certain other closing conditions.

Subject to certain limitations, either Harborside or Loudpack may terminate the Loudpack Merger Agreement if the Loudpack Merger has not been consummated by the Loudpack Merger End Date, which date can be extended by mutual agreement of Loudpack and Harborside.

Treatment of Loudpack Debentures

As of the date of this Circular, Loudpack has outstanding convertible debentures in the aggregate principal amount of US$77,802,518 that are comprised of (a) 15% subordinated secured convertible debentures due December 31, 2022 in the aggregate principal amount of US$61,775,121 (the "**Subordinated Debentures**"), and (b) 15% senior secured convertible debentures due December 31, 2022 in the aggregate principal amount of US$16,027,379 (the "**Senior Debentures**" and together with the Subordinated Debentures, the "**Loudpack Debentures**"). The Loudpack Debentures are governed by the Debenture Supplement. Loudpack is in the process of issuing up to US$6,800,000 of additional Senior Debentures for the primary purpose of facilitating the Payables Reduction.

Pursuant to the terms of the Loudpack Merger Agreement, the Debenture Supplement will be amended and restated in accordance with the Loudpack Support Agreement to (a) reflect the issuance of the Carryover Notes to evidence the aggregate US$25,000,000 principal amount of Loudpack Debentures that will remain outstanding on the Loudpack Closing Date; and (b) cause the balance of the Loudpack Debentures to convert into or be exchanged for equity of Sub I and Sub II, which will entitle the holders thereof to receive distributions of Loudpack Equity Consideration in accordance with their respective limited liability company operating agreements. The Harborside Debentures will covert into equity of

Sub I and Sub II and will ultimately entitle Harborside to receive a distribution of its own Subordinate Voting Shares, which, upon distribution thereof, will be cancelled and returned to treasury.

Harborside has agreed to guarantee Loudpack's obligations under the Carryover Notes and grant security interests on certain real estate of Harborside. The Carryover Notes will not be convertible into equity of Loudpack or Harborside.

Issuance of Consideration Warrants

As additional consideration under the Loudpack Merger, Harborside has agreed to issue the Sole Stockholder, warrants (the "**Consideration Warrants**") to purchase an aggregate of 2,000,000 Subordinate Voting Shares at an exercise price of the then current Canadian dollar equivalent of US$2.50 per Subordinate Voting Share for a period of five years from the date of issuance (the "**Expiry Date**").

If at any time prior to the Expiry Date, the 30-day volume weighted average trading price of the Subordinate Voting Shares is equal to or greater than the then-current Canadian dollar equivalent of US$5.00 per Subordinate Voting Share, Harborside will be entitled to accelerate the Expiry Date of the Consideration Warrants to a date that is 30 days following the date that Harborside delivers written notice to the holders of the Consideration Warrants that it intends to accelerate the Expiry Date.

The Consideration Warrants will be governed by the terms of a warrant indenture ("**Warrant Indenture**") between Harborside and Odyssey, as warrant agent, to be entered into on or prior to the Loudpack Effective Time. The Warrant Indenture includes a cashless exercise option for holders of Consideration Warrants and will provide for customary adjustments in the number of Subordinate Voting Shares issuable upon the exercise of the Consideration Warrants and/or the exercise price per Consideration Warrant upon the occurrence of certain events and contains other customary terms. No fractional Subordinate Voting Shares will be issuable upon the exercise of any Consideration Warrants and no cash or other consideration will be paid in lieu of fractional Subordinate Voting Shares. Holders of Consideration Warrants will not have any voting or pre-emptive rights or any other rights which a holder of Subordinate Voting Shares would have. This summary is qualified in its entirety by reference to the full text of the Warrant Indenture attached as an exhibit to the Loudpack Merger Agreement, which has been filed under Harborside's SEDAR profile at www.sedar.com.

Details of the Urbn Leaf Merger

On November 29, 2021, Harborside, Urbn Leaf Merger Subco and Urbn Leaf entered into the Urbn Leaf Merger Agreement pursuant to which Harborside agreed to acquire all of the equity interests of Urbn Leaf by way of a merger between Urbn Leaf Merger Subco and Urbn Leaf at the Urbn Leaf Effective Time in accordance with the requirements of the CGCL. Subject to the approval of the Share Issuance Resolution by the Harborside Shareholders, the approval of the Urbn Leaf Merger by the Urbn Leaf Shareholders, approvals for all Regulatory Licenses having been obtained in accordance with the terms of the Urbn Leaf Merger Agreement (subject to certain exceptions), and the satisfaction or waiver of certain other closing conditions, at the Urbn Leaf Effective Time, Urbn Leaf Merger Subco will be merged with and into Urbn Leaf, and the surviving company following the merger will become a wholly-owned Subsidiary of Harborside.

As consideration for the equity interests of Urbn Leaf, at the Urbn Leaf Effective Time, Harborside will issue the Urbn Leaf Shareholders, such number of Subordinate Voting Shares as determined in accordance with Schedule "A" to the Urbn Leaf Merger Agreement.

Calculation of Harborside and Urbn Leaf Equity Values

The number of Subordinate Voting Shares issuable as consideration under the Urbn Leaf Merger (the "**Urbn Leaf Merger Consideration**") will be determined based on the Urbn Leaf Equity Value and the Harborside Equity Value, which will be set forth in closing statements delivered by Urbn Leaf (the "**Urbn Leaf Closing Statement**") and Harborside (the "**Harborside Closing Statement (Urbn Leaf**

Merger)"), at least three Business Days prior to the closing of the Urbn Leaf Merger. Each of the Harborside Closing Statement and Urbn Leaf Closing Statement will set forth good faith estimates of the Harborside Equity Value and Urbn Leaf Equity Value, respectively, and will be prepared in accordance with the Urbn Leaf Merger Agreement.

The Urbn Leaf Merger Consideration will be calculated based on the good faith estimates of the Harborside Equity Value and Urbn Leaf Equity Value, respectively, and the Subordinate Voting Shares comprising the Urbn Leaf Merger Consideration issued on that basis. The Urbn Leaf Merger Consideration will then be adjusted on a post-closing basis in accordance with the terms of the Urbn Leaf Merger Agreement to account for contingent liabilities of each of Harborside and Urbn Leaf, to satisfy any potential indemnification claims and to otherwise account for any other required changes or updates to the calculations of the Harborside Equity Value and/or Urbn Leaf Equity Value, respectively, as of the Urbn Leaf Closing Date, among other things.

Based on the agreed upon calculations of the equity values of Harborside and Urbn Leaf, respectively, as of November 29, 2021, Harborside currently anticipates issuing approximately 60,000,000 Subordinate Voting Shares as the Urbn Leaf Merger Consideration (prior to giving effect to the proposed Consolidation). The precise number of Subordinate Voting Shares issuable as Urbn Leaf Merger Consideration pursuant to the Urbn Leaf Merger is subject to change as described above. Assuming the issuance of 60,000,000 Subordinate Voting under the Urbn Leaf Merger, the Urbn Leaf Shareholders are expected to beneficially own approximately 26% of the Combined Company on a non-diluted basis and assuming the closing of the Loudpack Merger and conversion of all of the Multiple Voting Shares to Subordinate Voting Shares.

Pursuant to the terms of the Urbn Leaf Merger Agreement, in no circumstances will the Urbn Leaf Merger Consideration be less than 50,000,000 Subordinate Voting Shares (prior to giving effect to the proposed Consolidation) (the "**Minimum Merger Consideration**").

Escrow of Urbn Leaf Merger Consideration

The Subordinate Voting Shares issuable as Urbn Leaf Merger Consideration will deposited in escrow with the Urbn Leaf Escrow Agent in accordance with the terms of the Urbn Leaf Merger Agreement and the Urbn Leaf Escrow Agreement. In particular, the following number of Subordinate Voting Shares (prior to giving effect to the proposed Consolidation) will be deposited in escrow:

(a) such number of Subordinate Voting Shares equal to the Urbn Leaf Merger Consideration less the greater of (a) the Minimum Merger Consideration, and (b) the calculation of the Urbn Leaf Merger Consideration when the Contingent Liabilities are assumed to be nil (the "**Contingent Liability Adjusted Merger Consideration**"), to satisfy, at least in part, any Contingent Liabilities, to be held in escrow until the later of (i) the final resolution of any indemnification claims made by Harborside in accordance with the terms of the Urbn Leaf Merger Agreement and the Urbn Leaf Escrow Agreement, or (ii) (x) in the case of Contingent Liabilities related to certain non-fundamental representations and warranties of Urbn Leaf, the 12-month anniversary of the closing of the Urbn Leaf Closing Date; and (y) in the case of Contingent Liabilities related to Taxes, the 18-month anniversary of Urbn Leaf Closing Date; and

(b) such number of Subordinate Voting Shares equal the Urbn Merger Consideration less the Minimum Merger Consideration and the Contingent Liability Adjusted Merger Consideration, to be used to satisfy any required post-closing adjustments to the calculation of the aggregate Urbn Leaf Merger Consideration payable under the Urbn Leaf Merger (and the related calculations of the Harborside Equity Value and Urbn Leaf Equity Value), to be held in escrow until Harborside and the Shareholder Representative execute joint written instructions to the Urbn Leaf Escrow Agent to

distribute the appropriate amounts in accordance with the terms of the Urbn Leaf Merger Agreement and the Urbn Leaf Escrow Agreement.

Lock-Up of Urbn Leaf Merger Consideration

In addition to the escrow obligations outlined above, Harborside has entered into a lock-up agreement with certain of the Urbn Leaf Shareholders (the "**Urbn Leaf Locked-Up Shareholders**") in respect of the Subordinate Voting Shares to be issued as Urbn Leaf Merger Consideration (the "**Urbn Leaf Lock-Up Agreement**"). Pursuant to the Urbn Leaf Lock-Up Agreement, the Urbn Leaf Locked-Up Shareholders have agreed not to sell, assign or otherwise transfer the Subordinate Voting Shares received, subject to certain customary exceptions. The lock-up restrictions will lapse in three equal instalments, with each one-third of the Subordinate Voting Shares released therefrom on the six-month, 12-month and 18-month anniversaries of the Urbn Leaf Closing Date.

Description of the Urbn Leaf Merger

The following summarizes the material steps to effect the Urbn Leaf Merger at the Urbn Leaf Effective Time. This summary is qualified in its entirety by reference to the full text of the Urbn Leaf Merger Agreement, which has been filed under Harborside's SEDAR profile at www.sedar.com.

If the Share Issuance Resolution is approved at the Harborside Meeting, the Urbn Leaf Merger is approved by the Urbn Leaf Shareholders and the applicable conditions to the completion of the Urbn Leaf Merger are satisfied or waived, then:

(a) in accordance with the CGCL, at the Urbn Leaf Effective Time, Urbn Leaf Merger Subco will be merged with and into Urbn Leaf and the separate corporate existence of Urbn Leaf and Urbn Leaf Merger Subco will cease, and Urbn Leaf will continue as the Surviving Company and a wholly-owned Subsidiary of Harborside. The corporate existence of Urbn Leaf with all its purposes, rights, privileges, franchises, powers and objects, will continue unaffected and unimpaired by the Urbn Leaf Merger;

(b) at the Urbn Leaf Effective Time, the effect of the Urbn Leaf Merger will be as provided in the applicable provisions of the CGCL. Without limiting the generality of the foregoing, at the Urbn Leaf Effective Time:

(i) all the property, rights, privileges, powers and franchises of Urbn Leaf and Urbn Leaf Merger Subco will vest in the Surviving Company, and all debts, liabilities, obligations, restrictions, disabilities and duties of Urbn Leaf and Urbn Leaf Merger Subco will become the debts, liabilities, obligations, restrictions, disabilities and duties of the Surviving Company, excluding Urbn Leaf's New Jersey asset, ULNJ, LLC;

(ii) the Articles of Incorporation will be the Articles of Incorporation of the Surviving Company, until duly amended or repealed in accordance with the provisions thereof and of applicable Law; and

(iii) the Bylaws of Urbn Leaf will be the Bylaws of the Surviving Company, until duly amended or repealed in accordance with the provisions thereof and of applicable Law;

(c) the Urbn Leaf Common Stock issued and outstanding immediately prior to the Urbn Leaf Effective Time (other than Dissenting Shares) will be canceled and will by virtue of the Urbn Leaf Merger and without any action on the part of Shareholders be converted automatically into the right to receive the Urbn Leaf Merger Consideration;

(d) all of the Urbn Leaf Common Stock converted will no longer be outstanding and will automatically be canceled and retired and cease to exist, except as to Dissenting Shares, and the Urbn Shareholders will cease to have any rights with respect thereto, except

the right to receive the Urbn Leaf Merger Consideration in accordance with the terms of the Urbn Leaf Merger Agreement;

(e) the Urbn Leaf Preferred Stock issued and outstanding immediately prior to the Urbn Leaf Effective Time (other than Dissenting Shares) will be canceled and will by virtue of the Urbn Leaf Merger and without any action on the part of Urbn Leaf Shareholders be converted automatically into the right to receive the Urbn Leaf Merger Consideration;

(f) all of the Urbn Leaf Preferred Stock converted will no longer be outstanding and will automatically be canceled and retired and cease to exist, except as to Dissenting Shares, and the Urbn Leaf Shareholders will cease to have any rights with respect thereto, except the right to receive the Urbn Leaf Merger Consideration in accordance with the terms of the Urbn Leaf Merger Agreement;

(g) at the Urbn Leaf Effective Time, all issued and outstanding shares of common stock, no par value per share, of Urbn Leaf Merger Subco immediately prior to the Urbn Leaf Effective Time will be converted into and become, collectively, one validly issued, fully paid and nonassessable share of common stock, no par value per share, of the Surviving Company and will constitute the only outstanding shares of capital stock of the Surviving Company; and

(h) on the closing of the Urbn Leaf Merger, the stock transfer books of Urbn Leaf will be closed and there will be no further registration of transfers of Urbn Leaf Common Stock or Urbn Leaf Preferred Stock thereafter on the records of Urbn Leaf. From and after the Urbn Leaf Effective Time, the Urbn Leaf Shareholders will cease to have any rights with respect to such Urbn Leaf Common Stock and Urbn Leaf Preferred Stock formerly represented thereby, except as otherwise provided in the Urbn Leaf Merger or by Law. On or after the Urbn Leaf Effective Time, any certificates presented to Harborside for any reason will only entitle such Person to receive its pro rata share of the Urbn Leaf Merger Consideration with respect to the shares of Urbn Leaf Common Stock or Urbn Leaf Preferred Stock formerly represented thereby.

If completed, the Urbn Leaf Merger will result in the issuance, at the Urbn Leaf Effective Time, of such number of Subordinate Voting Shares as is equal to the Urbn Leaf Merger Consideration, as discussed above under the heading "*Details of the Urbn Leaf Merger*". If the Urbn Leaf Merger and the Loudpack Merger are completed (a) the former Urbn Leaf Shareholders are expected to beneficially own approximately 26% of the Combined Company on a non-diluted basis and assuming conversion of all Multiple Voting Shares into Subordinate Voting Shares, and based on the number of Subordinate Voting Shares expected to be issued under each of the Urbn Leaf Merger and Loudpack Merger as of the date hereof; and (b) Urbn Leaf, as the surviving company from the Urbn Leaf Merger, will become a wholly-owned Subsidiary of Harborside.

Timing for Completion of the Urbn Leaf Merger

The Urbn Leaf Merger will be consummated by filing the Agreement of Merger (the "**Agreement of Urbn Leaf Merger**") with the California Secretary of State and by making all other filings or recordings required under the CGCL in connection with the Urbn Leaf Merger. The Urbn Leaf Merger will become effective at such time as the Agreement of Urbn Leaf Merger is duly filed with the California Secretary of State, or at such other time as the parties to the Urbn Leaf Merger Agreement agree will be specified in the Agreement of Urbn Leaf Merger (the "**Urbn Leaf Effective Time**").

The filing of the Agreement of Urbn Leaf Merger with the California Secretary of State and the consummation of the Urbn Leaf Merger is subject to the approval of the Share Issuance Resolution by the Harborside Shareholders, the approval of the Urbn Leaf Merger by the Urbn Leaf Shareholders, approvals for all Regulatory Licenses having been obtained in accordance with the terms of the Urbn

Leaf Merger Agreement (subject to certain exceptions) and the satisfaction or waiver of certain other closing conditions.

Subject to certain limitations, either Harborside or Urbn Leaf may terminate the Urbn Leaf Merger Agreement if the Urbn Leaf Merger has not been consummated by the Urbn Leaf Merger End Date, which date can be extended by mutual agreement of Urbn Leaf and Harborside.

Treatment of Urbn Leaf Preferred Stock

Immediately prior to the Urbn Leaf Effective Time, all outstanding shares of Urbn Leaf Preferred Stock, including all rights and preferences set forth therein, will convert into shares of Urbn Leaf Common Stock without any action on the part of the holders of Urbn Leaf Preferred Stock in accordance with the Certificate of Incorporation, including all rights and preferences for each class of Urbn Leaf Preferred Stock set forth therein.

Each previous holder of Urbn Leaf Preferred Stock following such conversion will be entitled to participate in the transactions contemplated by the Urbn Leaf Merger and receive their pro rata share of the Urbn Leaf Merger Consideration at the Urbn Leaf Effective Time, pursuant to the terms of that certain Stockholder Allocation Agreement, among Urbn Leaf, Momentum Capital Group, LLC, as Shareholder Representative, and such other parties thereto, and subject to the terms of the Urbn Leaf Merger Agreement as set forth more particularly therein.

Treatment of Urbn Leaf Options and Warrants

By virtue of the Urbn Leaf Merger and without any action on the part of the holders thereof, each option to acquire Urbn Leaf Common Stock, whether vested or unvested, that is outstanding and unexercised as of immediately prior to the Urbn Leaf Effective Time will be cancelled. In addition, Urbn Leaf has agreed to take any actions necessary to cause all issued and outstanding warrants to purchase Urbn Leaf Common Stock to either be exercised and terminated prior to the Urbn Leaf Effective Time or be terminated at the Urbn Leaf Effective Time.

TRANSACTION AGREEMENTS

Loudpack Merger Agreement

The following is a summary of the material terms of the Loudpack Merger Agreement and is subject to, and qualified in its entirety by, the full text of the Loudpack Merger Agreement, which has been filed under Harborside's profile on SEDAR at www.sedar.com. Harborside Shareholders are urged to read the Loudpack Merger Agreement in its entirety.

On November 29, 2021, Loudpack, the Sole Stockholder, Harborside and Loudpack Merger Subco entered into the Loudpack Merger Agreement pursuant to which Harborside agreed to acquire, through the Loudpack Merger, all of the issued and outstanding equity interests of Loudpack for consideration equal to the Loudpack Merger Consideration.

The Loudpack Merger is being effected pursuant to the Loudpack Merger Agreement which provides for the consummation of the Loudpack Merger at the Loudpack Effective Time. The Loudpack Merger Agreement contains covenants and representations and warranties of and from each of the parties, mutually and in favour of other parties individually.

Conditions to Closing

Mutual Conditions Precedent

The respective obligations of each party to the Loudpack Agreement to effect the Loudpack Merger is subject to the satisfaction or waiver (where permissible pursuant to applicable Law) on or prior to the closing of each of the following conditions:

- *Certain Regulatory Approvals*. All waiting periods applicable to the consummation of the Loudpack Merger under the HSR Act (or any extension thereof) will have expired or been terminated and all required filings will have been made and all required approval obtained (or waiting periods expired or terminated) under applicable Antitrust Laws.
- *No Injunctions, Restraints or Illegality*. No Governmental Authority having jurisdiction over any party will have enacted, issued, promulgated, enforced or entered any Laws or orders, whether temporary, preliminary, or permanent, that make illegal, enjoin or otherwise prohibit consummation of the Loudpack Merger, issuance of the Loudpack Merger Consideration as contemplated in the Loudpack Merger Agreement, or the other transactions contemplated by the Loudpack Merger Agreement.
- *Sole Stockholder Approval*. The Loudpack Merger Agreement will have been duly adopted and approved by the Voting Members.
- *Securities Laws*. The distribution of the Loudpack Equity Consideration pursuant to the Loudpack Merger will be exempt from the prospectus requirements of applicable Securities Laws in Canada by virtue of exemptions under applicable Securities Laws and the resale of such Loudpack Equity Consideration will be subject to the applicable requirements of the Securities Act or any applicable securities laws of any state.

Other than approvals under the HSR Act or other applicable Antitrust Laws, no third party or other consents are a specific condition precedent to the completion of the Loudpack Merger.

Conditions in Favour of Harborside and Loudpack Merger Subco

The obligations of Harborside and Loudpack Merger Subco to effect the Loudpack Merger are subject to satisfaction or waiver (where permissible pursuant to applicable Law) by Harborside and Loudpack Merger Subco on or prior to the closing of each of the following conditions:

- *Representations and Warranties*. The representations and warranties of the Sole Stockholder and Loudpack (a) that are qualified by reference to materiality, Loudpack Material Adverse Effect or any similar qualification will be true and correct in all respects as of the date of the Loudpack Merger Agreement and as of the Loudpack Closing Date as though made on the Loudpack Closing Date (except to the extent any representation or warranty expressly relates to a specific date, in which case as of that specific date), and (b) that are not qualified as to materiality, individually and in the aggregate, will be true and correct in all material respects as of the date of the Loudpack Merger Agreement and as of the Loudpack Closing Date as though made on the Loudpack Closing Date (except to the extent any representation or warranty expressly relates to a specific date, in which case as of that specific date).
- *Performance of Covenants*. The Sole Stockholder and Loudpack will have performed in all material respects all obligations, and complied in all material respects with the agreements and covenants, in the Loudpack Merger Agreement required to be performed by or complied with by them at or prior to the Loudpack Closing Date.
- *Loudpack Debentures*. The Loudpack Debentures (including the Harborside Debentures) will be amended to accord in all material respects, with the terms set forth in the Loudpack Support Agreement, including without limitation to give effect to the Carryover Notes.
- *No Material Adverse Effect*. Since the date of the Loudpack Merger Agreement, there will not have been any Loudpack Material Adverse Effect or any event, change or effect that would, individually or in the aggregate, reasonably be expected to have a Loudpack Material Adverse Effect.
- *Debenture Supplement*. The liens granted under the Debenture Supplement with respect to the equity and assets of Loudpack and its Subsidiaries will have been released, or will be released contemporaneously with the Loudpack Closing Date.

- *Closing Deliverables*. The Sole Stockholder and Loudpack will have delivered all closing deliverables contemplated under the Loudpack Merger Agreement.
- *Loudpack Merger Resolution*. The Share Issuance Resolution will have been duly adopted at the Harborside Meeting.
- *SRP Resolution*. The SRP Resolution will have been duly adopted at the Harborside Meeting.
- *Officer's Certificate*. Harborside will have receive a certificate, signed by the chief executive officer or chief financial officer of Loudpack, certifying as to the completion of the conditions to the obligations of Harborside and Loudpack Merger Subco.
- *Inventory*. There will have been no material change in the inventory of Loudpack and its Subsidiaries from that disclosed in Loudpack Closing Statement other than in the ordinary course of business.
- *Accounts Payable*. Harborside will receive evidence reasonably satisfactory to Harborside that as of the Loudpack Closing Date, or contemporaneously with the Loudpack Closing Date, the Accounts Payable will have been reduced to not more than $10,000,000.
- *Carveout Assets*. Loudpack will have transferred the Carveout Assets or will have agreed to the transfer of the Carveout Assets simultaneously with Closing.

Conditions in Favour of the Sole Stockholder and Loudpack

The obligation of the Sole Stockholder and Loudpack to effect the Loudpack Merger is subject to the satisfaction or waiver by the Sole Stockholder on or prior to the Closing of each of the following conditions:

- *Representations and Warranties*. The representations and warranties of Harborside (a) that are qualified by reference to materiality, Harborside Material Adverse Effect or any similar qualification will be true and correct in all respects as of the date of the Loudpack Merger Agreement and as of the Loudpack Closing Date as though made on the Loudpack Closing Date (except to the extent any representation or warranty expressly relates to a specific date, in which case as of that specific date), and (b) that are not qualified as to materiality, individually and in the aggregate, will be true and correct in all material respects as of the date of the Loudpack Merger Agreement and as of the Loudpack Closing Date as though made on the Loudpack Closing Date (except to the extent any representation or warranty expressly relates to a specific date, in which case as of that specific date).
- *Performance of Covenants*. Harborside and Loudpack Merger Subco will have performed in all material respects all obligations, and complied in all material respects with the agreements and covenants, of the Loudpack Merger Agreement required to be performed by or complied with by them at or prior to the Loudpack Closing Date.
- *No Material Adverse Effect*. Since the date of the Loudpack Merger Agreement, there will not have been any Harborside Material Adverse Effect or any event, change or effect that would, individually or in the aggregate, reasonably be expected to have a Harborside Material Adverse Effect.
- *Qualifying Transaction*. Harborside will have completed the Qualifying Transaction.
- *Closing Deliverables*. Harborside will have delivered all closing deliverables contemplated under the Loudpack Merger Agreement.
- *Board Appointments*. Marc Ravner and Jonathon Roy Pottle will have been appointed to the Harborside Board.

- *Officer's Certificate*. The Sole Stockholder will have received a certificate, signed by an officer of Harborside, certifying as to the completion of the conditions to the obligations of the Sole Stockholder and Loudpack.

Effective Time of the Loudpack Merger

The Loudpack Merger will be consummated by filing the Agreement of Loudpack Merger with the Delaware Secretary of State and by making all other filings or records required under the DGCL in connection with the Loudpack Merger. The Loudpack Merger will become effective at such time as the Agreement of Loudpack Merger is duly filed with the Delaware Secretary of State, or at such other time as the parties agree will be specified in the Agreement of Loudpack Merger.

End Date

The Loudpack Merger Agreement may be terminated by either Harborside or Loudpack if the Loudpack Merger has not been consummated on or before March 31, 2022 (the "**Loudpack Merger End Date**"), provided, however, that the right to terminate the Loudpack Merger Agreement due to the failure of the Loudpack Merger to be consummated on or before the Loudpack Merger End Date will not be available to any party whose breach of any representation, warranty, covenant or agreement set forth in the Loudpack Merger Agreement has been the contributing cause of, or was a contributing factor that resulted in, the failure of the Loudpack Merger to be consummated on or before the Loudpack Merger End Date.

Representations and Warranties

The Loudpack Merger Agreement contains certain representations and warranties made by each party to the other party, in each case of a nature customary for transactions of this type. The representations and warranties were made solely for the purposes of the Loudpack Merger Agreement and, in some cases, are subject to important qualifications, limitations and exceptions agreed to by the parties in connection with negotiating the Loudpack Merger Agreement. Accordingly, Harborside Shareholders should not rely on the representations and warranties as characterizations of the actual state of facts, since they are also modified in important part by each of the Harborside Disclosure Documents, Harborside Disclosure Schedules and Loudpack Disclosure Schedules delivered in connection with the Loudpack Merger Agreement. The Harborside Disclosure Documents, Harborside Disclosure Schedules and Loudpack Disclosure Schedules contain information that has been included in the respective party's general prior public disclosures, as well as potential additional non-public information. Moreover, information concerning the subject matter of the representations and warranties may have changed since the date of the Loudpack Merger Agreement, which subsequent information may or may not be fully reflected in the public record of Harborside.

The representations and warranties of each of Loudpack and the Sole Stockholder relate to the following matters: organization and authority; execution; enforceability; subsidiaries; capitalization; no conflict; consents; financial statements; undisclosed liabilities; bank accounts; indebtedness and payment obligations; absence of certain facts or events; litigation; compliance with laws; permits; environmental matters; material contracts; intellectual property; real property; assets; condition of personal property; employee benefit matters; employees and contractors; labour matters; taxes; insurance policies; inventory; affiliate transactions; brokers; full disclosure; and the absence of other representations and warranties.

The representations and warranties of Harborside relate to the following matters: organization and authority; execution; enforceability; subsidiaries; no conflict; consents; litigation; compliance with laws; regulatory licenses; environmental matters; intellectual property; real property; labour and employment matters; Harborside Closing Statement (Loudpack Merger); acquisition of Bulk-Up Subsidiaries; brokers; issued capital; due issuance; no material undisclosed information; Subordinate Voting Shares listed for trading; cease trade orders; reporting status; bankruptcy; compliance with

disclosure obligations; absence of material change reports; no judgements; taxes; and independent investigation.

Covenants

General Conduct of Business and Covenants Relating to the Loudpack Merger

The Loudpack Merger Agreement contains customary negative and affirmative covenants of Loudpack and Harborside. Pursuant to the Loudpack Merger Agreement, each of the parties has covenanted to use its commercially reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper, or advisable to consummate and make effective, and to satisfy all conditions to, as promptly as reasonably practicable (and in any event no later than the Loudpack Merger End Date), the Loudpack Merger and the other transactions contemplated by the Loudpack Merger Agreement, including (a) the obtaining of all necessary consents, waivers, and actions or nonactions from a Governmental Authority; (b) the obtaining of all necessary consents or waivers from third parties; and (c) the execution and delivery of any additional instruments necessary to consummate the Loudpack Merger and to fully carry out the purposes of the Loudpack Merger Agreement.

The Loudpack Merger Agreement also contains covenants of each of the parties pertaining to, among other things: (a) tax matters; (b) notices of certain events; (c) efforts to obtain all regulatory approvals from Governmental Authorities, including applicable approvals under Antitrust Laws; (d) public disclosures; (e) confidentiality; and (f) the Carveout Assets.

Harborside has agreed to certain additional negative and affirmative covenants, including with respect to: (a) obligations of Loudpack Merger Subco; (b) Loudpack employees and benefit plans following the Loudpack Effective Time; (c) director and officer indemnification and insurance; (d) voting of the Harborside Debentures; (e) maintenance of reporting issuer status and the listing of the Subordinate Voting Shares on the CSE; (f) efforts to facilitate the distribution of the Loudpack Equity Consideration to the members of the Sole Stockholder; and (g) termination of personal guarantees and indemnification.

Loudpack has agreed to certain additional negative and affirmative covenants, including with respect to: (a) the conduct of their respective businesses, including with respect to, among other things, corporate matters, dispositions and acquisitions, indebtedness, maintenance of insurance policies and financial accounting principles and policies; (b) resignations of Loudpack officer's and directors; (c) reduction of Accounts Payable; and (d) updates to the Loudpack Disclosure Schedules.

Harborside Shareholders should refer to the Loudpack Merger Agreement for details regarding the additional positive and negative covenants given by Harborside and Loudpack in relation to the conduct of their respective businesses prior to the Loudpack Effective Time.

Covenants Regarding Non-Solicitation and Acquisition Agreements

Non-Solicitation

Except as expressly provided in the Loudpack Merger Agreement, each party has agreed not to, and to cause their respective Subsidiaries and their Representatives not to, directly or indirectly, solicit, initiate, or knowingly take any action to facilitate or encourage the submission of any Takeover Proposal or the making of any proposal that could reasonably be expected to lead to any Takeover Proposal, or:

(a) conduct or engage in any discussions or negotiations with, disclose any non-public information relating to Loudpack or Harborside or any of their respective Subsidiaries to, afford access to the business, properties, assets, books, or records of Loudpack or Harborside or any of their respective Subsidiaries to, or knowingly assist, participate in, facilitate, or encourage any effort by, any third party (or its potential sources of financing) that is seeking to make, or has made, any Takeover Proposal;

(b) except where the Sole Stockholder Board or Harborside Board, as applicable, makes a good faith determination, after consultation with its financial advisors and outside legal counsel, that the failure to do so would reasonably be expected to cause it to be in breach of its fiduciary duties, amend or grant any waiver or release under any standstill or similar agreement with respect to any class of equity securities of Loudpack or Harborside, as applicable, or any of their respective Subsidiaries; or

(c) enter into any agreement in principle, letter of intent, term sheet, acquisition agreement, merger agreement, option agreement, joint venture agreement, partnership agreement, or other contract relating to any Takeover Proposal (each, an "**Acquisition Agreement**").

No Change in Recommendation

Except as expressly permitted in the Loudpack Merger Agreement and described below under the heading "*Right to Match and Acceptance of Superior Proposals*", the Sole Stockholder Board has agreed not to effect a Loudpack Adverse Recommendation Change, and the Harborside Board has agreed not to effect a Harborside Adverse Recommendation Change.

Loudpack, on the one hand, and Harborside, on the other hand, have agreed to, and to cause their respective Subsidiaries, and their and their Subsidiaries' Representatives, to cease immediately and cause to be terminated any and all existing activities, discussions, or negotiations, if any, with any third party conducted prior to the date of the Loudpack Merger Agreement with respect to any Takeover Proposal and to use its reasonable best efforts to cause any such third party (or its agents or advisors) in possession of non-public information in respect of Loudpack or Harborside, as applicable, and any of their respective Subsidiaries that was furnished by or on behalf of such party or its respective Subsidiaries to return or destroy (and confirm destruction of) all such information.

Right to Consider Superior Proposals

Subject to complying with procedures set out below under the heading "*Notification of Takeover Proposals*" the Loudpack Merger Agreement does not prohibit the Sole Stockholder Board, on the one hand, and the Harborside Board, on the other hand, directly or indirectly through any Representative, from:

(a) participating in negotiations or discussions with any third party that has made (and not withdrawn) a bona fide, unsolicited Takeover Proposal in writing that the Sole Stockholder Board or Harborside Board, as applicable, believes in good faith, after consultation with its financial advisors and outside legal counsel constitutes a Superior Proposal;

(b) thereafter furnishing to such third-party non-public information relating to such party or any of its respective Subsidiaries pursuant to an executed confidentiality agreement (a copy of which confidentiality agreement will be promptly (in all events within 24 hours) provided for informational purposes to the other party);

(c) subject to complying with the procedures and restrictions described below under the heading "*Right to Match and Acceptance of Superior Proposals*", following receipt of and on account of a Superior Proposal, making a Sole Stockholder Adverse Recommendation Change or Harborside Adverse Recommendation Change, as applicable; and/or

(d) taking any action that any court of competent jurisdiction orders such party to take (which order remains unstayed),

but in each case referred to above, only if the Sole Stockholder Board or Harborside Board, as applicable, determines in good faith, after consultation with its financial advisors and outside legal

counsel, that the failure to take such action would reasonably be expected to cause it to be in breach of its fiduciary duties under applicable Law.

Notification of Takeover Proposals

The Sole Stockholder Board, on the one hand, and the Harborside Board, on the other hand, have agreed not to take any of the actions described above under the heading "*Right to Consider Superior Proposals*", unless such party has delivered to the other party a prior written notice advising the other party that it intends to take such action.

Loudpack, on the one hand, and Harborside, on the other hand, is required to notify the other party promptly (but in no event later than twenty-four hours) after it obtains knowledge of the receipt by such party (or any of its Representatives) of any Takeover Proposal, any inquiry that could reasonably be expected to lead to a Takeover Proposal, any request for non-public information relating to such party or any of its Subsidiaries or for access to the business, properties, assets, books, or records of such party or any of its Subsidiaries by any third party.

In such notice, the applicable party is required to identify the third-party making, and details of the material terms and conditions of, any such Takeover Proposal, indication or request, including any proposed financing. Such party is required to keep the other party fully informed, on a current basis, of the status and material terms of any such Takeover Proposal, indication or request, including any material amendments or proposed amendments as to price, proposed financing and other material terms thereof. Such party is required to provide the other party with at least forty-eight hours prior notice of any meeting of its board of directors or any committee thereof (or such lesser notice as is provided to the members of such party's board of directors or committee thereof) at which such party's board of directors, or any committee thereof, is reasonably expected to consider any Takeover Proposal. Such party is also required to promptly provide the other party with a list of any non-public information concerning such party's or any of its Subsidiaries' business, present or future performance, financial condition or results of operations, provided to any third party and, to the extent such information has not been previously provided to the other party, copies of such information.

Right to Match and Acceptance of Superior Proposals

Except as expressly permitted by the Loudpack Merger Agreement, (a) the Sole Stockholder Board will not effect a Sole Stockholder Adverse Recommendation Change, and (b) the Harborside Board will not effect a Harborside Adverse Recommendation Change, or, in either case, enter into (or permit any of its respective Subsidiaries to enter into) an Acquisition Agreement.

Notwithstanding the foregoing, at any time prior to March 31, 2022:

(a) the Sole Stockholder Board may effect a Sole Stockholder Adverse Recommendation Change or enter into (or permit any Subsidiary to enter into) an Acquisition Agreement that did not result from a breach of the Loudpack Merger Agreement; and

(b) the Harborside Board may effect a Harborside Adverse Recommendation Change or enter into (or permit any Subsidiary to enter into) an Acquisition Agreement that did not result from a material breach of the Loudpack Merger Agreement, if

(i) such party promptly notifies the other party, in writing, at least five Business Days (the "**Superior Proposal Notice Period**") before making a Sole Stockholder Adverse Recommendation Change or Harborside Adverse Recommendation Change, as applicable, or entering into (or causing one of its Subsidiaries to enter into) an Acquisition Agreement, of its intention to take such action with respect to a Superior Proposal, which notice will state expressly that such party has received a Takeover Proposal that such party's board of directors (or a committee thereof) intends to declare a Superior Proposal and that it intends to effect a Sole Stockholder Adverse

Recommendation Change or Harborside Adverse Recommendation Change, as applicable, and/or such party intends to enter into an Acquisition Agreement;

(ii) such party specifies the identity of the party making the Superior Proposal and the material terms and conditions thereof in such notice and includes an unredacted copy of the Takeover Proposal and attaches to such notice the most current version of any proposed agreement (which version will be updated on a prompt basis) and any related documents including financing documents, to the extent provided by the relevant party in connection with the Superior Proposal;

(iii) such party and its Representatives negotiate with the other party in good faith during the Superior Proposal Notice Period to make such adjustments in the terms and conditions of the Loudpack Merger Agreement so that such Takeover Proposal ceases to constitute a Superior Proposal, if the other party, in its discretion, proposes to make such adjustments (the parties having agreed that in the event that, after commencement of the Superior Proposal Notice Period, there is any material revision to the terms of a Superior Proposal, including, any revision in price or financing, the Superior Proposal Notice Period will be extended, if applicable, to ensure that at least three Business Days remains in the Superior Proposal Notice Period subsequent to the time such party notifies the other party of any such material revision (the parties having further agreed that there may be multiple extensions)); and

(iv) such party's board of directors (or a committee thereof) determines in good faith, after consulting with its financial advisors and outside legal counsel, that such Takeover Proposal continues to constitute a Superior Proposal (after taking into account any adjustments made by the other party during the Superior Proposal Notice Period in the terms and conditions of the Loudpack Merger Agreement) and that the failure to take such action would reasonably be expected to cause its board to be in breach of its fiduciary duties under applicable Law.

The parties have agreed that any violation of or the taking of actions inconsistent with the non-solicitation restrictions and obligations of the parties set forth in the Loudpack Merger Agreement by any Representative of Loudpack or its Subsidiaries, on the one hand, or Harborside or its Subsidiaries, on the other hand, whether or not such Representative is purporting to act on behalf of the applicable party or any of its Subsidiaries, will be deemed to be a breach of the Loudpack Merger Agreement by the applicable party.

The Loudpack Merger Agreement does not prevent the Sole Stockholder Board or Harborside Board, as applicable, from disclosing to its stockholders a position contemplated by Rule 14d-9 and Rule 14e-2(a) promulgated under the Exchange Act with regard to a Takeover Proposal, if the party determines, after consultation with its financial advisors and outside legal counsel, that failure to disclose such position would reasonably be expected to cause its board to be in breach of its fiduciary duties under applicable Law.

Termination of the Loudpack Merger Agreement

Termination by Mutual Consent

The Loudpack Merger Agreement may be terminated at any time prior to the Loudpack Closing Date by the mutual written consent of Harborside and Loudpack.

Termination by Either Harborside or Loudpack

The Loudpack Merger Agreement may be terminated by either Harborside or Loudpack at any time prior to the Loudpack Closing Date in the following circumstances:

- *Occurrence of End Date*. The Loudpack Merger has not been consummated on or before the Loudpack Merger End Date; provided, however, the right that the right to terminate the Loudpack Merger Agreement for this reason will not be available to any party whose breach of any representation, warranty, covenant or agreement set forth in the Loudpack Agreement has been the contributing cause of, or was a contributing factor that resulted in, the failure of the Loudpack Merger to be consummated on or before the Loudpack Merger End Date.

- *Illegality*. Any Governmental Authority of competent jurisdiction enacts, issues, promulgates, enforces, or enters into any Law or order making illegal, permanently enjoining or otherwise permanently prohibiting the consummation of the Loudpack Merger or the other transactions contemplated by the Loudpack Merger Agreement and such Law or order has become final and nonappealable; provided, however, that the issuance, promulgation, enforcement or entry of such Law or Order was not caused by, or is a result of, a breach of such party's representations, warranties, covenants or agreements set forth in the Loudpack Merger Agreement.

- *Failure to Obtain Approval at the Harborside Meeting*. The Harborside Meeting is held and either the Share Issuance Resolution or SRP Resolution is not approved in accordance with applicable Laws, except that a party may not terminate the Loudpack Merger Agreement if failure to obtain approval of the Share Issuance Resolution or the SRP Resolution has been caused by such party's failure to fulfil any of its obligations or the breach of any of such party's representations and warranties under the Loudpack Merger Agreement has been a principal cause of, or resulted in, the failure to receive approval of the Share Issuance Resolution or the SRP Resolution.

Termination by Harborside

The Loudpack Merger Agreement may be terminated by Harborside at any time prior to the Loudpack Closing Date in the following circumstances:

- *Acceptance of Superior Proposal*. The Harborside Board authorizes Harborside, to the extent permitted by and subject to full compliance with the applicable terms and conditions of the Loudpack Merger Agreement, including the non-solicitation obligations of Harborside, to enter into an Acquisition Agreement in respect of a Superior Proposal; provided, that Harborside has paid any amounts due on termination, in accordance with the terms and at the times specified in the Loudpack Merger Agreement; and provided further, that in the event of such termination, Harborside concurrently enters into such Acquisition Agreement.

- *Sole Stockholder Change in Recommendation*. (a) a Sole Stockholder Adverse Recommendation Change has occurred or Loudpack has approved or adopted, or recommended the approval or adoption of, any Acquisition Agreement; or (b) Loudpack has breached or failed to perform in any material respect any of the non-solicitation covenants and agreements set forth in the Loudpack Merger Agreement.

- *Breach of Representation, Warranty, Covenant or Agreement by Loudpack*. A breach of any representation, warranty, covenant or agreement on the part of Loudpack set forth in the Loudpack Merger Agreement such that the conditions precedent to the closing of the Loudpack Merger in favour of Harborside and Loudpack Merger Subco would not be satisfied and, in either such case, such breach is incapable of being cured by the Loudpack Merger End Date; provided, that Harborside will first give Loudpack at least 30 days written notice prior to such termination stating Harborside's intention to terminate the Loudpack Merger Agreement as a result of such breach; provided further, that Harborside will not have the right to terminate the

Loudpack Merger Agreement for a breach of representation, warranty, covenant or agreement by Loudpack if Harborside or Loudpack Merger Subco is then in material breach of any representation, warranty, covenant or obligation under the Loudpack Merger Agreement that would cause any conditions precedent to the completion of the Loudpack Merger in favour of Sole Stockholder not to be satisfied.

Termination by Loudpack

The Loudpack Merger Agreement may be terminated by Loudpack at any time prior to the Loudpack Closing Date in any of the following circumstances:

- *Acceptance of Superior Proposal*. The Sole Stockholder Board authorizes Loudpack, to the extent permitted by and subject to full compliance with the applicable terms and conditions of the Loudpack Merger Agreement, including the non-solicitation obligations of Loudpack, to enter into an Acquisition Agreement in respect of a Superior Proposal; provided, that Loudpack has paid any amounts due on termination, in accordance with the terms and at the times specified in the Loudpack Merger Agreement; and provided further, that in the event of such termination, Loudpack substantially concurrently enters into such Acquisition Agreement.

- *Harborside Change in Recommendation*. (a) a Harborside Adverse Recommendation Change has occurred or Harborside has approved or adopted, or recommended the approval or adoption of, any Acquisition Agreement; or (b) Harborside has have breached or failed to perform in any material respect any of the non-solicitation covenants and agreements set forth in the Loudpack Merger Agreement.

- *Breach of Representation, Warranty, Covenant or Agreement by Harborside*. A breach of any representation, warranty, covenant or agreement on the part of Harborside or Loudpack Merger Subco set forth in the Loudpack Merger Agreement such that the conditions precedent to the closing of the Loudpack Merger in favour of Loudpack and the Sole Stockholder would not be satisfied and, in either such case, such breach is incapable of being cured by the Loudpack Merger End Date; provided, that Loudpack will first given Harborside at least 30 days written notice prior to such termination stating Loudpack's intention to terminate the Loudpack Merger Agreement as a result of such breach; provided further, that Loudpack will not have the right to terminate the Loudpack Merger Agreement for a breach of representation, warranty, covenant or agreement by Harborside or Loudpack Merger Subco if Loudpack is then in material breach of any representation, warranty, covenant or obligation under the Loudpack Merger Agreement that would cause any conditions precedent to the completion of the Loudpack Merger in favour of Harborside and Loudpack Merger Subco not to be satisfied.

Notice and Effect of Termination

The party desiring to terminate the Loudpack Merger Agreement is required to deliver written notice of such termination to each other party specifying with particularity the reason for such termination and any such termination will take effect immediately upon delivery of such written notice to the other party. If the Loudpack Merger Agreement is terminated, it will become void and of no further force and effect, with no liability on the part of any party to the Loudpack Merger Agreement (or any stockholder, director, officer, employee, agent or Representative of such party) to any other party to the Loudpack Merger Agreement, except: (a) with respect to the notice requirements and termination fees payable upon termination as set forth in the Loudpack Merger Agreement, which will remain in full force and effect; and (b) with respect to any liabilities or damages incurred or suffered by a party, to the extent such liabilities or damages were the result of fraud or the breach by another party of any of its representations, warranties, covenants, or other agreements set forth in the Loudpack Merger Agreement.

Termination Fees

The Loudpack Merger Agreement provides that in the event of a termination of the Loudpack Merger Agreement in the following circumstances, Harborside or Loudpack will pay the applicable termination fee described below:

- *Harborside Termination Fees*. If the Loudpack Merger Agreement is terminated: (a) by Harborside upon the occurrence of the circumstances described in the paragraph "*Acceptance of Superior Proposal*" under the heading "*Termination of the Loudpack Merger Agreement – Termination by Harborside*" above, Harborside is required to pay to Loudpack an amount equal to US$5,000,000 (the "**Loudpack Termination Fee**"); (b) by Loudpack upon the occurrence of the circumstances described in the paragraph "*Harborside Change in Recommendation*" under the heading "*Termination of the Loudpack Merger Agreement – Termination by Loudpack*" above, Harborside is required to pay to Loudpack the Loudpack Termination Fee; (c) upon the occurrence of the circumstances described in the paragraph "*Failure to Obtain Approval at the Harborside Meeting*" under the heading "*Termination of the Loudpack Merger Agreement – Termination by Either Harborside or Loudpack*" above, Harborside is required to pay to Loudpack the Loudpack Termination Fee; (d) by Loudpack upon the occurrence of the circumstances described in the paragraph "*Breach of Representation, Warranty, Covenant or Agreement by Harborside* " under the heading "*Termination of the Loudpack Merger Agreement – Termination by Loudpack*" above, Harborside is required to pay to Loudpack a termination fee of US$2,500,000 (the "**Reduced Termination Fee**"); or (e) by Loudpack upon the occurrence of the circumstances described in the paragraph "*Occurrence of End Date*" under the heading "*Termination of the Loudpack Merger Agreement – Termination by Either Harborside or Loudpack*" because, in whole or in part, Harborside has failed to satisfy prior to the Loudpack Merger End Date the condition precedent to the Loudpack Merger Agreement of consummating the Qualified Transactions, then in such event, Harborside is required to pay to Loudpack the Reduced Termination Fee.

- *Loudpack Termination Fees*. If the Loudpack Merger Agreement is terminated: (a) by Loudpack upon the occurrence of the circumstances described in the paragraph "*Acceptance of Superior Proposal*" under the heading "*Termination of the Loudpack Merger Agreement – Termination by Loudpack*" above, Loudpack is required to pay to Harborside an amount equal to the Loudpack Termination Fee; (b) by Harborside upon the occurrence of the circumstances described in the paragraph "*Sole Stockholder Change in Recommendation*" under the heading "*Termination of the Loudpack Merger Agreement – Termination by Harborside*" above, Loudpack is required to pay to Harborside the Loudpack Termination Fee; or (c) by Harborside upon the occurrence of the circumstances described in the paragraph "*Breach of Representation, Warranty, Covenant or Agreement by Loudpack* " under the heading "*Termination of the Loudpack Merger Agreement – Termination by Harborside*" above, Loudpack is required to pay to Harborside the Reduced Termination Fee.

- *Takeover Proposal Termination Fee*. If (a) the Loudpack Merger Agreement is terminated by: (i) Loudpack upon the occurrence of the circumstances described in the paragraph "*Occurrence of End Date*" under the heading "*Termination of the Loudpack Merger Agreement – Termination by Either Harborside or Loudpack*" other than as a result of the failure by Harborside to satisfy prior to the Loudpack Merger End Date the condition precedent to the Loudpack Merger Agreement of consummating the Qualified Transactions; or (ii) Harborside upon the occurrence of the circumstances described in the paragraph "*Breach of Representation, Warranty, Covenant or Agreement by Loudpack* " under the heading "*Termination of the Loudpack Merger Agreement – Termination by Harborside*"; (b) prior to such termination, a Takeover Proposal (i) in the case of a termination in the circumstances described in the paragraph "*Occurrence of End Date*" under the heading "*Termination of the Loudpack Merger Agreement – Termination by Either Harborside or Loudpack*" has been publicly disclosed; or (ii) in the case of a termination in the circumstances described in the

paragraph "*Breach of Representation, Warranty, Covenant or Agreement by Loudpack* " under the heading "*Termination of the Loudpack Merger Agreement – Termination by Harborside*" has been publicly disclosed or otherwise made or communicated to Harborside, the Sole Stockholder or the Sole Stockholder Board; and; (c) within 12 months following the date of such termination of the Loudpack Merger Agreement, Loudpack enters into a definitive agreement with respect to any Takeover Proposal or any Takeover Proposal has been consummated (in each case whether or not such Takeover Proposal is the same as the original Takeover Proposal made, communicated or publicly disclosed), then Loudpack is required to pay to Harborside, immediately prior to and as a condition to consummating such transaction, the Loudpack Termination Fee.

Amendments, Extensions and Waivers

The Loudpack Merger Agreement may be amended or supplemented in any and all respects, by written agreement signed by each of the parties to the Loudpack Merger Agreement at any time prior to the Loudpack Effective Time.

At any time prior to the Effective Time, Harborside or Loudpack Merger Subco, on the one hand, or Loudpack, on the other hand, may: (a) extend the time for the performance of any of the obligations of the other party(ies); (b) waive any inaccuracies in the representations and warranties of the other party(ies) contained in the Loudpack Merger Agreement or in any document delivered under the Loudpack Merger Agreement; or (c) unless prohibited by applicable Law, waive compliance with any of the covenants, agreements, or conditions contained in the Loudpack Merger Agreement.

Any agreement on the part of a party to any extension or waiver will be valid only if set forth in an instrument in writing signed by such party. The failure of any party to assert any of its rights under the Loudpack Merger Agreement or otherwise will not constitute a waiver of such rights.

Urbn Leaf Merger Agreement

The following is a summary of the material terms of the Urbn Leaf Merger Agreement and is subject to, and qualified in its entirety by, the full text of the Urbn Leaf Merger Agreement, which has been filed under Harborside's profile on SEDAR at www.sedar.com. Harborside Shareholders are urged to read the Urbn Leaf Merger Agreement in its entirety.

On November 29, 2021, Urbn Leaf, Harborside and Urbn Leaf Merger Subco entered into the Urbn Leaf Merger Agreement pursuant to which Harborside agreed to acquire, through the Urbn Leaf Merger, all of the issued and outstanding equity interests of Urbn Leaf for consideration equal to the Urbn Leaf Merger Consideration.

The Urbn Leaf Merger is being effected pursuant to the Urbn Leaf Merger Agreement which provides for the consummation of the Urbn Leaf Merger at the Urbn Leaf Effective Time. The Urbn Leaf Merger Agreement contains covenants and representations and warranties of and from each of the parties, mutually and in favour of other parties individually.

Conditions to Closing

Mutual Conditions Precedent

The respective obligations of each party to the Urbn Leaf Merger Agreement to effect the Urbn Leaf Merger is subject to the satisfaction or waiver (where permissible pursuant to applicable Law) on or prior to the closing of each of the following conditions:

- *Regulatory Approvals*. If approvals for all Regulatory Licenses have not been obtained by the earlier of (a) 70 days from the date of the Urbn Leaf Merger Agreement, provided the approval of the Share Issuance Resolution at the Harborside Meeting has been obtained; or (b) the day after the approval of the Share Issuance Resolution at the Harborside Meeting, and each party

has provided all information required to be provided to Governmental Authorities in accordance with the terms of the Urbn Leaf Merger Agreement, then the parties have agreed to close the Urbn Leaf Merger in two steps. The first step will be a closing with all entities for which approvals for all Regulatory Licenses have been obtained and then another closing for the remaining entities, once remaining approvals for all Regulatory Licenses have been obtained. The two steps will be treated as a single integrated transaction.

- *No Injunctions, Restraints or Illegality*. No Governmental Authority having jurisdiction over any party will have enacted, issued, promulgated, enforced or entered any Laws or orders, whether temporary, preliminary, or permanent, that make illegal, enjoin or otherwise prohibit consummation of the Urbn Leaf Merger, issuance of the Urbn Leaf Merger Consideration as contemplated in the Urbn Leaf Merger Agreement or the other transactions contemplated by the Urbn Leaf Merger Agreement.

- *Urbn Leaf Shareholder Approval*. The Urbn Leaf Merger Agreement will have been duly adopted and approved by the requisite vote of the Urbn Leaf Shareholders and not have been revoked, rescinded or amended.

- *Securities Laws*. The distribution of the securities comprising the Urbn Leaf Merger Consideration pursuant to the Urbn Leaf Merger will be exempt from the prospectus requirements of applicable Securities Laws in Canada either by virtue of exemptive relief from the Securities Authorities of each of the provinces of Canada or by virtue of exemptions under applicable Securities Laws and will not be subject to resale restrictions under applicable Securities Laws (other than as applicable to control persons or pursuant to Section 2.6 of NI 45-102).

Other than approvals for all Regulatory Licenses, no third party or other consents are a specific condition precedent to the completion of the Urbn Leaf Merger.

Conditions in Favour of Harborside and Urbn Leaf Merger Subco

The obligations of Harborside and Urbn Leaf Merger Subco to effect the Urbn Leaf Merger are subject to satisfaction or waiver (where permissible pursuant to applicable Law) by Harborside and Urbn Leaf Merger Subco on or prior to the closing of each of the following conditions:

- *Representations and Warranties*. The representations and warranties of Urbn Leaf (a) that are qualified by reference to materiality, material adverse effect or any similar qualification will be true and correct in all respects as of the date of the Urbn Leaf Merger Agreement and as of the Urbn Leaf Closing Date as though made on the Urbn Leaf Closing Date (except to the extent any representation or warranty expressly relates to a specific date, in which case as of that specific date), and (b) that are not qualified as to materiality, individually and in the aggregate, will be true and correct in all material respects as of the date of the Urbn Leaf Merger Agreement and as of the Urbn Leaf Closing Date as though made on the Urbn Leaf Closing Date (except to the extent any representation or warranty expressly relates to a specific date, in which case as of that specific date).

- *Performance of Covenants*. Urbn Leaf will have performed in all material respects all obligations, and complied in all material respects with the agreements and covenants, in the Urbn Leaf Merger Agreement required to be performed by or complied with by them at or prior to the Urbn Leaf Closing Date.

- *No Material Adverse Effect*. Since the date of the Urbn Leaf Merger Agreement, there will not have been any Urbn Leaf Material Adverse Effect or any event, change or effect that would, individually or in the aggregate, reasonably be expected to have a Urbn Leaf Material Adverse Effect.

- *Employment Agreement*. Edward Schmults will have entered into the Schmults Agreement.

- *Closing Deliverables*. Urbn Leaf will have delivered all closing deliverables contemplated under the Urbn Leaf Merger Agreement.
- *Share Issuance Resolution*. The Share Issuance Resolution will have been duly adopted at the Harborside Meeting.
- *Officer's Certificate*. Harborside will have received a certificate, signed by the chief executive officer or chief financial officer of Urbn Leaf, certifying as to the completion of the conditions outlined above.

Conditions in Favour of Urbn Leaf

The obligation of the Sole Stockholder and Urbn Leaf to effect the Urbn Leaf Merger is subject to the satisfaction or waiver by the Sole Stockholder on or prior to the Closing of each of the following conditions:

- *Representations and Warranties*. The representations and warranties of Harborside (a) that are qualified by reference to materiality, material adverse effect or any similar qualification will be true and correct in all respects as of the date of the Urbn Leaf Merger Agreement and as of the Urbn Leaf Closing Date as though made on the Urbn Leaf Closing Date (except to the extent any representation or warranty expressly relates to a specific date, in which case as of that specific date), and (b) that are not qualified as to materiality, individually and in the aggregate, will be true and correct in all material respects as of the date of the Urbn Leaf Merger Agreement and as of the Urbn Leaf Closing Date as though made on the Urbn Leaf Closing Date (except to the extent any representation or warranty expressly relates to a specific date, in which case as of that specific date).

- *Performance of Covenants*. Harborside and Urbn Leaf Merger Subco will have performed in all material respects all obligations, and complied in all material respects with the agreements and covenants, of the Urbn Leaf Merger Agreement required to be performed by or complied with by them at or prior to the Urbn Leaf Closing Date.

- *No Material Adverse Effect*. Since the date of the Urbn Leaf Merger Agreement, there will not have been any Harborside Material Adverse Effect or any event, change or effect that would, individually or in the aggregate, reasonably be expected to have a Harborside Material Adverse Effect.

- *Closing Deliverables*. Harborside will have delivered all closing deliverables contemplated under the Urbn Leaf Merger Agreement.

- *Officer's Certificate*. Urbn Leaf will have received a certificate, signed by an officer of Harborside, certifying as to the completion of the conditions outlined above.

Effective Time of the Urbn Leaf Merger

The Urbn Leaf Merger will be consummated by filing the Agreement of Urbn Leaf Merger with the California Secretary of State and by making all other filings or records required under the CGCL in connection with the Urbn Leaf Merger. The Urbn Leaf Merger will become effective at such time as the Agreement of Urbn Leaf Merger is duly filed with the Delaware Secretary of State, or at such other time as the parties agree will be specified in the Agreement of Urbn Leaf Merger.

End Date

The Urbn Leaf Merger Agreement may be terminated by either Harborside or Urbn Leaf if the Urbn Leaf Merger has not been consummated on or before March 31, 2022 (the "**Urbn Leaf Merger End Date**"), provided, however, that the right to terminate the Urbn Leaf Merger Agreement due to the failure of the Urbn Leaf Merger to be consummated on or before the Urbn Leaf Merger End Date will

not be available to any party whose breach of any representation, warranty, covenant or agreement set forth in the Urbn Leaf Merger Agreement has been the contributing cause of, or was a contributing factor that resulted in, the failure of the Urbn Leaf Merger to be consummated on or before the Urbn Leaf Merger End Date.

Representations and Warranties

The Urbn Leaf Merger Agreement contains certain representations and warranties made by each party to the other party, in each case of a nature customary for transactions of this type. The representations and warranties were made solely for the purposes of the Urbn Leaf Merger Agreement and, in some cases, are subject to important qualifications, limitations and exceptions agreed to by the parties in connection with negotiating the Urbn Leaf Merger Agreement. Accordingly, Harborside Shareholders should not rely on the representations and warranties as characterizations of the actual state of facts, since they are also modified in important part by each of the Harborside Disclosure Documents, Harborside Disclosure Schedules and Urbn Leaf Disclosure Schedules delivered in connection with the Urbn Leaf Merger Agreement. The Harborside Disclosure Documents, Harborside Disclosure Schedules and Urbn Leaf Disclosure Schedules contain information that has been included in the respective party's general prior public disclosures, as well as potential additional non-public information. Moreover, information concerning the subject matter of the representations and warranties may have changed since the date of the Urbn Leaf Merger Agreement, which subsequent information may or may not be fully reflected in the public record of Harborside.

The representations and warranties of each of Urbn Leaf to the following matters: organization and authority; execution; enforceability; subsidiaries; capitalization; no conflict; consents; financial statements; undisclosed liabilities; bank accounts; indebtedness and payment obligations; absence of certain facts or events; litigation; compliance with laws; permits; environmental matters; material contracts; intellectual property; real property; assets; condition of personal property; employee benefit matters; employees and contractors; labour matters; taxes; insurance policies; inventory; affiliate transactions; brokers; Canadian Securities Laws; and full disclosure.

The representations and warranties of Harborside relate to the following matters: organization and authority; execution; enforceability; no conflict; consents; absence of certain events; litigation; brokers; compliance with laws; regulatory licenses; material contracts; intellectual property; environmental matters; real property; labour and employment matters; Harborside Closing Statement (Urbn Leaf Merger); issued capital; due issuance; no material undisclosed information; Subordinate Voting Shares listed for trading; reporting status and securities laws matters; cease trade orders; bankruptcy; compliance with disclosure obligations; financial statements; independent auditors; taxes; compliance with laws; no judgments; U.S. tax classification; and full disclosure.

Covenants

<u>General Conduct of Business and Covenants Relating to the Urbn Leaf Merger</u>

The Urbn Leaf Merger Agreement contains customary negative and affirmative covenants of Urbn Leaf and Harborside. Pursuant to the Urbn Leaf Merger Agreement, each of the parties has covenanted to use its reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper, or advisable to consummate and make effective, and to satisfy all conditions to, as promptly as reasonably practicable (and in any event no later than the Urbn Leaf Merger End Date), the Urbn Leaf Merger and the other transactions contemplated by the Urbn Leaf Merger Agreement, including (a) except as otherwise set out in the Urbn Leaf Merger Agreement, the obtaining of all necessary Permits, waivers, and actions or nonactions from a Governmental Authority; (b) except as otherwise provided in the Urbn Leaf Merger Agreement, the obtaining of all necessary consents or waivers from third parties; and (c) the execution and delivery of any additional instruments necessary to consummate the Urbn Leaf Merger and to fully carry out the purposes of this Urbn Leaf Merger Agreement.

The Urbn Leaf Merger Agreement also contains covenants of each of the parties pertaining to, among other things: (a) tax matters; (b) notices of certain events; (c) efforts to obtain all regulatory approvals from Governmental Authorities, including applicable approvals for the Regulatory Licenses; (d) public disclosures; (e) confidentiality; and (f) certain indebtedness of Urbn Leaf.

Harborside has agreed to certain additional negative and affirmative covenants, including with respect to: (a) obligations of Urbn Leaf Merger Subco; (b) the appointment of Edward Schmults as Chief Executive Officer of the Combined Company; (c) the appointment of Edward Schmults and one other nominee of Urbn Leaf to the Combined Company Board; and (d) the appointment of Willie Senn as Chief Corporate Development Officer of the Combined Company.

Urbn Leaf has agreed to certain additional negative and affirmative covenants, including with respect to: (a) the conduct of Urbn Leaf, including with respect to, among other things, corporate matters, dispositions and acquisitions, material contracts, indebtedness, maintenance of insurance policies and financial accounting principles and policies; and (b) resignations of Urbn Leaf officer's and directors.

Harborside Shareholders should refer to the Urbn Leaf Merger Agreement for details regarding the additional positive and negative covenants given by Harborside and Urbn Leaf in relation to the conduct of their respective businesses prior to the Urbn Leaf Effective Time.

Covenants Regarding Non-Solicitation

Non-Solicitation

Except as expressly provided in the Urbn Leaf Merger Agreement, each party has agreed not to, and to cause their respective Subsidiaries and their Representatives not to, directly or indirectly, solicit, initiate, or knowingly:

(a) take any action to facilitate or encourage the submission of any Takeover Proposal or the making of any proposal that could reasonably be expected to lead to any Takeover Proposal;

(b) conduct or engage in any discussions or negotiations with, disclose any non-public information relating to Urbn Leaf or Harborside or any of their respective Subsidiaries to, afford access to the business, properties, assets, books, or records of Urbn Leaf or Harborside or any of their respective Subsidiaries to, or knowingly assist, participate in, facilitate, or encourage any effort by, any third party (or its potential sources of financing) that is seeking to make, or has made, any Takeover Proposal; or

(c) enter into any Acquisition Agreement.

Neither the Urbn Leaf Board, on the one hand, or the Harborside Board, on the other hand, is permitted to effect an Urbn Leaf Adverse Recommendation Change, or a Harborside Adverse Recommendation Change, respectively. Each of Harborside and Urbn Leaf are required to, and to cause their respective Subsidiaries and their and their Subsidiaries' Representatives, to cease immediately and cause to be terminated any and all existing activities, discussions, or negotiations, if any, with any third party conducted prior to the date of the Urbn Leaf Merger Agreement with respect to any Takeover Proposal and use its reasonable best efforts to cause any such third party (or its agents or advisors) in possession of non-public information in respect of Harborside or Urbn Leaf, as applicable, and any of their respective Subsidiaries that was furnished by or on behalf of such party or its respective Subsidiaries to return or destroy (and confirm destruction of) all such information.

The parties have agreed that any violation of or the taking of actions inconsistent with the non-solicitation restrictions and obligations of the parties set forth in the Urbn Leaf Merger Agreement by any Representative of Urbn Leaf or its Subsidiaries, on the one hand, or Harborside or its Subsidiaries, on the other hand, whether or not such Representative is purporting to act on behalf of the applicable

party or any of its Subsidiaries, will be deemed to be a breach of the non-solicitation provisions of the Urbn Merger Agreement by the applicable party.

Termination of the Urbn Leaf Merger Agreement

Termination by Mutual Consent

The Urbn Leaf Merger Agreement may be terminated at any time prior to the Urbn Leaf Closing Date by the mutual written consent of Harborside and Urbn Leaf.

Termination by Either Harborside or Urbn Leaf

The Urbn Leaf Merger Agreement may be terminated by either Harborside or Urbn Leaf at any time prior to the Urbn Leaf Closing Date in the following circumstances:

- *Occurrence of End Date*. The Urbn Leaf Merger has not been consummated on or before the Urbn Leaf Merger End Date; provided, however, the right that the right to terminate the Urbn Leaf Merger Agreement for this reason will not be available to any party whose breach of any representation, warranty, covenant or agreement set forth in the Urbn Leaf Agreement has been the contributing cause of, or was a contributing factor that resulted in, the failure of the Urbn Leaf Merger to be consummated on or before the Urbn Leaf Merger End Date.

- *Illegality*. Any Governmental Authority of competent jurisdiction enacts, issues, promulgates, enforces, or enters any Law or order making illegal, permanently enjoining or otherwise permanently prohibiting the consummation of the Urbn Leaf Merger or the other transactions contemplated by the Urbn Leaf Merger Agreement and such Law or order has become final and nonappealable; provided, however, that the issuance, promulgation, enforcement or entry of such Law or order was not caused by, or is a result of, a breach of such party's representations, warranties, covenants or agreements set forth in the Urbn Leaf Merger Agreement.

- *Failure to Obtain Approval at the Harborside Meeting*. The Harborside Meeting is held and the Share Issuance Resolution is not approved in accordance with applicable Laws, except that a party may not terminate the Urbn Leaf Merger Agreement if failure to obtain approval of the Share Issuance Resolution has been caused by such party's failure to fulfil any of its obligations or the breach of any of such party's representations and warranties under the Urbn Leaf Merger Agreement has been a principal cause of, or resulted in, the failure to receive approval of the Share Issuance Resolution.

Termination by Harborside

The Urbn Leaf Merger Agreement may be terminated by Harborside at any time prior to the Urbn Leaf Closing Date in the following circumstances:

- *Failure to Comply with Non-Solicitation Obligations.* Urbn Leaf fails to comply with its non-solicitation obligations in the Urbn Leaf Merger Agreement.

- *Breach of Representation, Warranty, Covenant or Agreement by Urbn Leaf*. A breach of any representation, warranty, covenant or agreement on the part of Urbn Leaf set forth in the Urbn Leaf Merger Agreement such that the conditions precedent to the closing of the Urbn Leaf Merger in favour of Harborside and Urbn Leaf Merger Subco would not be satisfied and, in either such case, such breach is incapable of being cured by the Urbn Leaf Merger End Date; provided that Harborside will not have the right to terminate the Urbn Leaf Merger Agreement for this reason if Harborside or Urbn Leaf Merger Subco is then in material breach of any representation, warranty, covenant or obligation under the Urbn Leaf Merger Agreement that would cause any of the conditions not to be satisfied.

Termination by Urbn Leaf

The Urbn Leaf Merger Agreement may be terminated by Urbn Leaf at any time prior to the Urbn Leaf Closing Date in any of the following circumstances:

- *Harborside Adverse Recommendation Change & Failure to Comply with Non-Solicitation Obligations.* If (a) a Harborside Adverse Recommendation has occurred or Harborside has approved or adopted, or recommended the approval or adoption of, any Acquisition Agreement*;* or (b) Harborside fails to comply with its non-solicitation obligations in the Urbn Leaf Merger Agreement.

- *Breach of Representation, Warranty, Covenant or Agreement by Harborside*. A breach of any representation, warranty, covenant or agreement on the part of Harborside set forth in the Urbn Leaf Merger Agreement such that the conditions precedent to the closing of the Urbn Leaf Merger in favour of Urbn Leaf would not be satisfied and, in either such case, such breach is incapable of being cured by the Urbn Leaf Merger End Date; provided that Urbn Leaf has given Harborside at least 30 days written notice prior to such termination stating Urbn Leaf's intention to terminate the Urbn Leaf Merger Agreement, and provided further that Urbn Leaf will not have the right to terminate the Urbn Leaf Merger Agreement for this reason if Urbn Leaf is then in material breach of any representation, warranty, covenant or obligation under the Urbn Leaf Merger Agreement that would cause any of the conditions not to be satisfied.

Notice and Effect of Termination

The party desiring to terminate the Urbn Leaf Merger Agreement is required to deliver written notice of such termination to each other party (other than in the case of a termination by written mutual consent) specifying with particularity the reason for such termination and any such termination will take effect immediately upon delivery of such written notice to the other party. If the Urbn Leaf Merger Agreement is terminated, it will become void and of no further force and effect, with no liability on the part of any party to the Urbn Leaf Merger Agreement (or any shareholder, director, officer, employee, agent or Representative of such party) to any other party to the Urbn Leaf Merger Agreement, except: (a) with respect to the notice requirements and termination fees payable upon termination as set forth in the Urbn Leaf Merger Agreement, which will remain in full force and effect; and (b) with respect to any liabilities or damages incurred or suffered by a party, to the extent such liabilities or damages were the result of fraud or the breach by another party of any of its representations, warranties, covenants, or other agreements set forth in the Urbn Leaf Merger Agreement.

Termination Fees

The Urbn Leaf Merger Agreement provides that in the event of a termination of the Urbn Leaf Merger Agreement in the following circumstances, Harborside or Urbn Leaf will pay, the applicable termination fee described below:

- *Harborside Termination Fees*. If the Urbn Leaf Merger Agreement is terminated by Harborside upon the occurrence of the circumstances described in the paragraphs "*Failure to Comply with Non-Solicitation Obligations*" or "*Breach of Representation, Warranty, Covenant or Agreement by Urbn Leaf*" under the heading "*Termination of the Urbn Leaf Merger Agreement – Termination by Harborside*" above, then Urbn Leaf is required to pay to Harborside an amount equal to US$2,500,000 (the "**Urbn Leaf Termination Fee**").

- *Urbn Leaf Termination Fees*. If the Urbn Leaf Merger Agreement is terminated by Urbn Leaf upon the occurrence of the circumstances described in the paragraphs "*Harborside Adverse Recommendation Change & Failure to Comply with Non-Solicitation Obligations*" or "*Breach of Representation, Warranty, Covenant or Agreement by Harborside*" under the heading

"*Termination of the Urbn Leaf Merger Agreement – Termination by Urbn Leaf*" above, then Harborside is required to pay to Urbn Leaf the Urbn Leaf Termination Fee.

- *Takeover Proposal Termination Fee*. If (a) the Urbn Leaf Merger Agreement is terminated by: (i) Urbn Leaf or Harborside by the written mutual consent of Harborside and Urbn Leaf; or (ii) by Harborside upon the occurrence of the circumstances described in the paragraph "*Breach of Representation, Warranty, Covenant or Agreement by Urbn Leaf*" under the heading "*Termination of the Urbn Leaf Merger Agreement – Termination by Harborside*" above; (b) prior to such termination, a Takeover Proposal (i) in the case of a termination of the Urbn Leaf Merger Agreement by the written mutual consent of Harborside and Urbn Leaf, has been publicly disclosed; or (ii) in the case of a termination in the circumstances described in the paragraph "*Breach of Representation, Warranty, Covenant or Agreement by Urbn Leaf* " under the heading "*Termination of the Urbn Leaf Merger Agreement – Termination by Harborside*" has been publicly disclosed or otherwise made or communicated to the Urbn Leaf Board; and; (c) within 12 months following the date of such termination of the Urbn Leaf Merger Agreement, Urbn Leaf enters into a definitive agreement with respect to any Takeover Proposal or any Takeover Proposal has been consummated (in each case whether or not such Takeover Proposal is the same as the original Takeover Proposal made, communicated or publicly disclosed), then Urbn Leaf is required to pay to Harborside, immediately prior to and as a condition to consummating such transaction, the Urbn Leaf Termination Fee.

Amendments, Extensions and Waivers

The Urbn Leaf Merger Agreement may be amended or supplemented in any and all respects, by written agreement signed by each of the parties to the Urbn Leaf Merger Agreement at any time prior to the Urbn Leaf Effective Time.

At any time prior to the Urbn Leaf Effective Time, Harborside or Urbn Leaf Merger Subco, on the one hand, or Urbn Leaf, on the other hand, may: (a) extend the time for the performance of any of the obligations of the other party(ies); (b) waive any inaccuracies in the representations and warranties of the other party(ies) contained in the Urbn Leaf Merger Agreement or in any document delivered under the Urbn Leaf Merger Agreement; or (c) unless prohibited by applicable Law, waive compliance with any of the covenants, agreements, or conditions contained in the Urbn Leaf Merger Agreement. Any agreement on the part of a party to any extension or waiver will be valid only if set forth in an instrument in writing signed by such party. The failure of any party to assert any of its rights under the Urbn Leaf Merger Agreement or otherwise will not constitute a waiver of such rights.

REGULATORY MATTERS AND APPROVALS

Other than (a) approval of the Share Issuance Resolution by the Harborside Shareholders, (b) the approval of the Loudpack Merger by the Sole Stockholder and Voting Members, (c) the approval of the Urbn Leaf Transaction by the Urbn Leaf Shareholders; (d) the expiry of all waiting periods under the HSR Act and the receipt of all required approvals under applicable Antitrust Laws, and (e) the receipt of all required approvals for all Regulatory Licenses, Harborside is not aware of any material approval, consent or other action by any federal, provincial, state or foreign government or any administrative or regulatory agency that would be required to be obtained in order to complete the Loudpack Merger or the Urbn Leaf Merger, as applicable. In the event that any such approvals or consents are determined to be required, such approvals or consents will be sought. Any such additional requirements could delay the Loudpack Merger Effective Date or the Urbn Leaf Merger Effective Date, as the case may be. While there can be no assurance that any regulatory consents or approvals that are determined to be required will be obtained, Harborside currently anticipates that any such consents and approvals that are determined to be required will have been obtained or otherwise resolved by the effective dates of the Mergers, as applicable.

Shareholder Approvals

Harborside Shareholder Approval

At the Harborside Meeting, Harborside Shareholders will be asked to approve the Share Issuance Resolution, the full text of which is included in "Appendix A – *Share Issuance Resolution*" attached to this Circular. In addition, Subordinate Shareholders will be asked to approve the SRP Resolution, the full text of which is included in "Appendix D – *Shareholder Rights Plan Resolution*" attached to this Circular.

In order to be effective, the Share Issuance Resolution must be approved, with or without variation, by the affirmative vote of at least a simple majority of the votes cast by Harborside Shareholders present virtually or represented by proxy and entitled to vote at the Harborside Meeting and the SRP Resolution must be approved, with or without variation, by the affirmative vote of at least a simple majority of the votes cast by Subordinate Shareholders present virtually or represented by proxy and entitled to vote at the Harborside Meeting.

Each holder of a Subordinate Voting Share is entitled to one vote for each Subordinate Voting Share held by such holder as of the close of business on the Record Date and each holder of a Multiple Voting Share is entitled to 100 votes for each Multiple Voting Share held by such holder as of the close of business on the Record Date. The Subordinate Shareholders and Multiple Shareholders will vote as a single class in respect of the Share Issuance Resolution. The Multiple Shareholders will not be entitled to vote in respect of the SRP Resolution.

It is a condition to the completion of each of the Loudpack Merger and the Urbn Leaf Merger that the Share Issuance Resolution be approved by the requisite majority at the Harborside Meeting. If the Share Issuance Resolution is not approved, the Mergers will not be completed. It is a condition to the completion of the Loudpack Merger that the SRP Resolution be approved by the requisite majority at the Harborside Meeting. If the Subordinate Shareholders fail to approve the SRP Resolution, Harborside may elect not to proceed with the Loudpack Merger in its sole discretion. Neither the Loudpack Merger nor the Urbn Leaf Merger is conditional on the approval of the Name Change Resolution, the Consolidation Resolution, the Combined Company Board Resolution, the Articles Alteration Resolution, the By-law Amendment Resolution or the Equity Incentive Plan Amendment Resolution. Should the Harborside Shareholders fail to approve the Name Change Resolution, the Consolidation Resolution, the Combined Company Board Resolution, the Articles Alteration Resolution, the By-law Amendment Resolution or the Equity Incentive Plan Amendment Resolution by the requisite majority, the Mergers may still be completed.

The Harborside Board unanimously recommends that Harborside Shareholders vote <u>FOR</u> the Share Issuance Resolution. The Harborside Board also unanimously recommends that Subordinate Shareholders vote <u>FOR</u> the SRP Resolution. See "*The Mergers – Reasons for the Recommendation of the Harborside Board*".

Loudpack Stockholder Approval

The Loudpack Merger requires the approval of the Sole Stockholder and the Voting Members. Concurrently with the execution of the Loudpack Merger Agreement, Loudpack entered into the Loudpack Support Agreement with the Sole Stockholder, 100% of the Voting Members and Loudpack Debentureholders holding in excess of two-thirds of the aggregate principal amount of Loudpack Debentures, pursuant to which, *inter alia*, the Sole Stockholder and the Voting Members agreed to vote in favor of the Loudpack Merger and granted an irrevocable proxy to Harborside to vote their shares in favor of the Loudpack Merger. As a result of the Loudpack Support Agreement, Loudpack has already received irrevocable proxies to approve the Loudpack Merger which are in excess of the thresholds required to approve the Loudpack Merger.

Urbn Leaf Shareholder Approval

The Urbn Leaf Merger requires the approval of a majority of the holders of Urbn Leaf Preferred Stock and a majority of the holders of Urbn Leaf Common Stock. Concurrently with the execution of the Urbn Leaf Merger Agreement, Urbn Leaf entered into a Voting and Support Agreement (the "**Urbn Leaf Support Agreement**") with 69% of the holders of Urbn Leaf Preferred Stock and 96% of the holders of Urbn Leaf Common Stock, pursuant to which such holders agreed to vote in favor of the Urbn Leaf Merger and granted an irrevocable proxy to Harborside to vote their shares in favor of the Urbn Leaf Merger. As a result of the Urbn Leaf Support Agreement, Urbn Leaf has already received irrevocable proxies to approve the Urbn Leaf Merger which are in excess of the thresholds required to approve the Urbn Leaf Merger.

In addition, under California corporate law, certain Urbn Leaf Shareholders may be entitled to statutory appraisal or dissenters' rights. Those Urbn Leaf Shareholders who have signed the Urbn Leaf Support Agreement have already waived any such appraisal or dissenters' rights. However, in connection with obtaining the consent of the Urbn Leaf Shareholders to approve the Urbn Leaf Merger, Urbn Leaf may be required to notify the Urbn Leaf Shareholders who may be entitled to appraisal or dissenters' rights. Any such dissenting Urbn Leaf Shareholders will not be entitled to prevent or otherwise delay the closing of the Urbn Leaf Merger, rather, if the Urbn Leaf Merger closes they may be entitled to an appraisal of their shares to ensure such shares are sold at fair market value.

Regulatory Approvals

Loudpack Merger

Pursuant to the terms of the Loudpack Merger Agreement, it is a mutual condition precedent to the completion of the Loudpack Merger that all waiting periods applicable to the consummation of the Loudpack Merger under the HSR Act (or any extension thereof) will have expired or been terminated and all required filings will have been made and all required approvals obtained (or waiting periods expired or terminated) under applicable Antitrust Laws.

In accordance with the terms of the Loudpack Merger Agreement, each of Harborside and Loudpack has agreed to provide, as promptly as reasonably practicable, any information and documents requested by any Governmental Antitrust Authority as necessary to permit consummation of the Loudpack Merger, including, among other things, preparing and filing any notification and report form and related material required under the HSR Act and any additional consents and filings under any other Antitrust Laws, and respond to any request for additional information or documentary material that may be made under the HSR Act or any other applicable Antitrust Laws. Each of Harborside and Loudpack has also agreed to use its commercially reasonable best efforts to take such actions as are necessary to obtain prompt approval of the consummation of the Loudpack Merger by any Governmental Authority or the expiration of applicable waiting periods.

Harborside and Loudpack filed their respective notification and report forms with the Antitrust Division and the FTC under the HSR Act on December 17, 2021. The waiting period under the HSR Act, therefore, expired at 11:59 p.m., New York City time, on January 18, 2022.

See "*Transaction Agreements – Loudpack Merger Agreement – Conditions to Closing*".

Urbn Leaf Merger

Pursuant to the terms of the Urbn Leaf Merger Agreement, it is a mutual condition precedent to the completion of the Urbn Leaf Merger that approvals for all Regulatory Licenses have been obtained. In accordance with the terms of the Urbn Leaf Merger Agreement, each of Harborside and Urbn Leaf has agreed to use all reasonable best efforts to obtain all necessary Permits, waivers, and actions or nonactions from a Governmental Authority and respond to any requests from a Governmental Authority for additional information or documentation in order to consummate the Urbn Leaf Merger.

If approvals for all Regulatory Licenses have not been obtained by the earlier of (a) 70 days from the date of the Urbn Leaf Merger Agreement, provided the approval of the Share Issuance Resolution has been obtained or (b) the day after the approval of the Share Issuance Resolution, and each party has provided all information required to be provided to a Governmental Authority, the parties have agreed to close the merger in two steps. The first step will be a closing with all entities for which approvals for all Regulatory Licenses have been obtained and the second step will be a closing for the remaining entities, once the remaining approvals for all Regulatory Licenses have been obtained. The two steps will be treated as a single integrated transaction.

See "*Transaction Agreements – Urbn Leaf Merger Agreement– Conditions to Closing*".

Stock Exchange Listing Approval Matters

The CSE is requiring the Share Issuance Resolution to be approved by the affirmative vote of at least a simple majority of the votes cast by Harborside Shareholders present virtually or represented by proxy and entitled to vote at the Harborside Meeting. If the Harborside Shareholders fail to approve the Share Issuance Resolution by the requisite majority, the Mergers will not be completed.

The Subordinate Voting Shares currently trade on the CSE under the symbol "HBOR" and on the OTCQX under the symbol "HBORF". It is expected that following the completion of the Mergers, the Subordinate Voting Shares (including the Subordinate Voting Shares issuable as consideration under the Mergers and the Subordinate Voting Shares issuable upon exercise of the Consideration Warrants) will remain listed on the CSE. In connection with the Name Change, Harborside has applied to change its stock symbol from "HBOR" to "STHZ".

Canadian Securities Law Matters

Status Under Canadian Securities Laws

Harborside is a reporting issuer in the provinces of British Columbia, Alberta, and Ontario and will continue to be a reporting issuer in such jurisdictions following the completion of the Mergers.

Distribution and Resale of Harborside Shares under Canadian Securities Laws

The distribution of the Subordinate Voting Shares in connection with the Mergers will constitute a distribution of securities which is exempt from the prospectus requirements of Canadian Securities Laws and is exempt from or otherwise is not subject to the registration requirements under applicable Securities Laws in Canada. The Subordinate Voting Shares received in connection with the Mergers will not be legended and may be resold in each of the provinces of Canada provided that (a) the trade is not a "control distribution" as defined NI 45-102, (b) no unusual effort is made to prepare the market or to create a demand for Subordinate Voting Shares, (c) no extraordinary commission or consideration is paid to a person or company in respect of such sale, and (d) if the selling security holder is an insider or officer of Harborside, the selling security holder has no reasonable grounds to believe that Harborside is in default of applicable securities laws.

U.S. Securities Law Matters

The Subordinate Voting Shares to be issued in the Mergers have not been registered with the SEC under the U.S. Securities Act but instead will be issued under an exemption or exemptions from the registration and qualification requirements of the U.S. Securities Act and applicable law. The Subordinate Voting Shares received cannot be resold except pursuant to an effective registration statement or an exemption from registration such as Rule 144 or Regulation S.

Subordinate Voting Shares issued persons with U.S. addresses or who are U.S. persons will be "restricted securities" within the meaning of Rule 144 under the U.S. Securities Act and may be offered and sold only in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws.

U.S. persons who receive Subordinate Voting Shares may transfer or resell them only in transactions outside of the United States in accordance with Regulation S under the U.S. Securities Act, which generally will permit the resale of the Rights through the CSE provided that the offer is not made to a person in the United States, neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States, and no "directed selling efforts", as that term is defined in Regulation S under the U.S. Securities Act, are conducted in the United States in connection with the resale. Certain additional conditions are applicable to Harborside's "affiliates", as that term is defined under the U.S. Securities Act. In order to enforce this resale restriction, holders thereof will be required to execute a declaration certifying that such sale is being made through the CSE in accordance with Regulation S under the U.S. Securities Act.

The foregoing discussion is only a general overview of certain requirements of United States federal securities laws applicable to the resale of the Subordinate Voting Shares received upon completion of the Mergers. **All holders of such securities are urged to consult with counsel to ensure that the resale of their securities complies with applicable securities legislation.**

RISK FACTORS

In assessing the Mergers, readers should carefully consider the risks set forth below which relate to the Mergers and the failure to complete the Mergers. Harborside Shareholders should also carefully consider the risk factors relating to Harborside set forth under the heading "*Risk Factors*" in the Harborside AIF which is incorporated by reference in this Circular. Readers are cautioned that such risk factors are not exhaustive and additional risks and uncertainties, including those currently unknown or considered immaterial to Harborside, may also adversely affect each of Harborside, Loudpack and Urbn Leaf prior to the Mergers or the Combined Company following the completion of the Mergers.

Risk Factors Relating to the Mergers

The Mergers are subject to the satisfaction or waiver of several conditions, including receipt of shareholder and regulatory approvals, and there can be no certainty that all conditions precedent to the completion of the Mergers will be satisfied or waived. Failure to complete the Mergers could negatively impact the market price of the Subordinate Voting Shares.

The completion of each of the Loudpack Merger and Urbn Leaf Merger is subject to the satisfaction or waiver of several conditions, including, among other things, (a) approval of the Share Issuance Resolution by the Harborside Shareholders, (b) the approval of the Loudpack Merger by the Sole Stockholder and the Voting Members, (c) the approval of the Urbn Leaf Merger by the Urbn Leaf Shareholders, (d) the expiry of all waiting periods under the HSR Act and the receipt of all required approvals under applicable Antitrust Laws with respect to the Loudpack Merger, and (e) the receipt of all required approvals for all Regulatory Licenses for the Urbn Leaf Merger.

Certain conditions to the completion of the Mergers are outside of the control of Harborside. There can be no certainty, nor can Harborside provide any assurance, that all conditions precedent to the Mergers will be satisfied or waived, or, if satisfied or waived, when they will be satisfied or waived and, accordingly, the Mergers may not be completed. If, for any reason, the Mergers are not completed or their completion is materially delayed and/or either of the Loudpack Merger Agreement or Urbn Leaf Merger Agreement is terminated, the market price of the Subordinate Voting Shares may be materially adversely affected. In such circumstances, Harborside's business, financial condition or results of operations could also be subject to various material adverse consequences, including that Harborside would remain liable for certain transaction expenses relating to the Mergers.

If either of the Loudpack Merger or Urbn Leaf Merger are not completed and Harborside decides to seek another acquisition, there can be no assurance that it will be able to find an asset or target company for acquisition at an equivalent or more attractive price than the consideration to be paid pursuant to the Loudpack Merger Agreement or Urbn Leaf Merger Agreement, as the case may be.

Completion of the Mergers is uncertain. Harborside has dedicated significant resources to pursuing the Mergers and is restricted from taking certain specified actions while the Mergers are pending and failure to complete the Mergers could negatively impact Harborside's business.

Harborside is subject to customary non-solicitation provisions under each of the Loudpack Merger Agreement and Urbn Leaf Merger Agreement. Each of the Loudpack Merger Agreement and Urbn Leaf Merger Agreement also restricts Harborside from taking certain specified actions until the Loudpack Merger or the Urbn Leaf Merger are completed, without the consent of Loudpack and Urbn Leaf, respectively. These restrictions may prevent Harborside from pursuing attractive business opportunities that may arise prior to the completion of the Mergers. As completion of the Mergers are dependent upon satisfaction of certain conditions, the completion of the Mergers is uncertain. If either of the Loudpack Merger or Urbn Leaf Merger are not completed for any reason, the announcement of the Mergers, the dedication of Harborside's resources to the completion thereof and the restrictions that were imposed on Harborside under the Merger Agreements may have an adverse effect on the current or future operations, financial condition and prospects of Harborside as a standalone entity.

Either of the Loudpack Merger Agreement or Urbn Leaf Merger Agreement may be terminated by Harborside, Loudpack or Urbn Leaf, as applicable. in certain circumstances, which could result in significant costs and could negatively impact the market price of the Subordinate Voting Shares.

Each of Harborside and Loudpack has the right, in certain circumstances, to terminate the Loudpack Merger Agreement, and each of Harborside and Urbn Leaf has the right, in certain circumstances, to terminate the Urbn Leaf Merger Agreement. Accordingly, there is no certainty, nor can Harborside provide any assurance, that either the Loudpack Merger Agreement and/or Urbn Leaf Merger Agreement will not be terminated by either Harborside, Loudpack, or Urbn Leaf, as applicable, before the completion of the Loudpack Merger or Urbn Leaf Merger, as applicable. Failure to complete the Mergers could negatively impact the trading price of the Subordinate Voting Shares or otherwise adversely affect Harborside's business.

If the Loudpack Merger is not completed as a result of certain prescribed events, Harborside will be required to pay the Loudpack Termination Fee or the Reduced Termination Fee in connection with the termination of the Loudpack Merger Agreement. If the Loudpack Termination Fee is ultimately required to be paid to Loudpack, the payment of such fee may have an adverse impact on Harborside's financial results. See "*Transaction Agreements – Loudpack Merger Agreement– Termination of the Loudpack Merger Agreement*".

In addition, if the Urbn Leaf Merger is not completed as a result of certain prescribed events, Harborside will be required to pay the Urbn Leaf Termination Fee connection with the termination of the Urbn Leaf Merger Agreement. If the Urbn Leaf Termination Fee is ultimately required to be paid to Urbn Leaf, the payment of such fee may have an adverse impact on Harborside's financial results. See "*Transaction Agreements – Urbn Leaf Merger Agreement– Termination of the Urbn Leaf Merger Agreement*".

The market price of the Subordinate Voting Shares may fluctuate prior to the completion of the Mergers.

The market price of the Subordinate Voting Shares could fluctuate significantly prior to the Loudpack Effective Time or Urbn Leaf Effective Time in response to various factors and events, including, without limitation, the changes in Harborside's actual financial or operating results and those expected by investors and analysts, changes in analysts' projections or recommendations, changes in general economic or market conditions, and broad market fluctuations. The underlying cause of any such change in relative market price may constitute a Harborside Material Adverse Effect, the occurrence of which could entitle Loudpack to terminate the Loudpack Merger Agreement or Urbn Leaf to terminate the Urbn Leaf Merger Agreement. There can also be no assurance that the trading price of the Subordinate Voting will not decline following the completion of the Mergers.

The issuance of a significant number of Subordinate Voting Shares and a resulting "market overhang" could adversely affect the market price of the Subordinate Voting Shares following completion of the Mergers.

On completion of the Mergers, a significant number of additional Subordinate Voting Shares will be issued and available for trading in the public market. The increase in the number of Subordinate Voting Shares may lead to sales of such Subordinate Voting Shares or the perception that such sales may occur (commonly referred to as "market overhang"), either of which may adversely affect the market for, and the market price of, the Subordinate Voting Shares.

In addition, the market value of the Subordinate Voting Shares may decline as a result of the Mergers if, among other things, the Combined Company is unable to achieve the expected benefits of the Mergers. The Combined Company may also face integration challenges, expected benefits of the integration of Harborside's, Loudpack's and Urbn Leaf's businesses may not be realized, and transaction costs related to the Mergers may be greater than expected. The market value of the Subordinate Voting Shares also may decline if the Combined Company does not achieve the perceived benefits of the Mergers as rapidly or to the extent anticipated by the market or if the effect of the Mergers on the Combined Company's financial position, results of operations or cash flows is not consistent with the expectations of financial or industry analysts.

The issuance of Subordinate Voting Shares in connection with the Mergers will result in the dilution of ownership and voting interests of current Harborside Shareholders.

As a result of the issuance of Subordinate Voting Shares in connection with the Mergers, the ownership and voting interests of Harborside Shareholders in Harborside will be diluted, relative to current proportional ownership and voting interests.

Any of Harborside, Loudpack or Urbn Leaf may be the targets of legal claims, securities class actions, derivative lawsuits and other claims. Any such claims may delay or prevent the Mergers from being completed.

Any of Harborside, Loudpack or Urbn Leaf may be the target of securities class actions and derivative lawsuits which could result in substantial costs and may delay or prevent the Loudpack Merger and/or the Urbn Leaf Merger from being completed. Securities class action lawsuits and derivative lawsuits are often brought against companies that have entered into an agreement to acquire a public company or to be acquired. Third parties may also attempt to bring claims against any of Harborside, Loudpack or Urbn Leaf seeking to restrain the Loudpack Merger and/or the Urbn Leaf Merger or seeking monetary compensation or other remedies. Even if the lawsuits are without merit, defending against these claims can result in substantial costs and divert management time and resources. Additionally, if a plaintiff is successful in obtaining an injunction prohibiting completion of the Loudpack Merger and/or the Urbn Leaf Merger, then that injunction may delay or prevent the Loudpack Merger and/or the Urbn Leaf Merger from being completed.

In addition, political and public attitudes towards the Mergers could result in negative press coverage and other adverse public statements affecting Harborside, Loudpack or Urbn Leaf. Adverse press coverage and other adverse statements could lead to investigations by regulators, legislators and law enforcement officials or in legal claims or otherwise negatively impact the ability of Harborside to take advantage of various business and market opportunities. The direct and indirect effects of negative publicity, and the demands of responding to and addressing it, may have a material adverse effect on Harborside's business, financial condition and results of operations.

Harborside will incur substantial transaction fees and costs in connection with the proposed Mergers. If the Mergers are not completed, the costs may be significant and could have an adverse effect on Harborside.

Harborside has incurred and expects to incur additional material non-recurring expenses in connection with the Mergers and completion of the Mergers, including costs relating to obtaining required

shareholder and regulatory approvals. Additional unanticipated costs may be incurred by Harborside in the course of coordinating the businesses of Harborside, Loudpack and Urbn Leaf after the completion of the Mergers. If either of the Loudpack Merger or Urbn Leaf Merger are not completed, Harborside will need to pay certain costs relating to the Loudpack Merger and/or the Urbn Leaf Merger incurred prior to the date the Loudpack Merger and/or the Urbn Leaf Merger was abandoned, as the case may be, such as legal, accounting, financial advisory and printing fees. Harborside is liable for its own costs incurred in connection with the Mergers. Such costs may be significant and could have an adverse effect on Harborside's future results of operations, cash flows and financial condition.

The Merger Agreements contain provisions that restrict the ability of Harborside to pursue alternatives to the Loudpack Merger or the Urbn Leaf Merger, as applicable.

Under each of the Loudpack Merger Agreement and Urbn Leaf Merger Agreement, Harborside is restricted, subject to certain exceptions, from soliciting, initiating, knowingly encouraging or facilitating, discussing or negotiating, or furnishing information with regard to, any Takeover Proposal or any inquiry, proposal or offer relating to any Takeover Proposal from any person. If the Harborside Board (after consultation with its financial advisors and legal counsel) determines that such proposal is more favorable to the Harborside Shareholders, from a financial point of view, than the Loudpack Merger or the Urbn Leaf Merger, as applicable, and the Harborside Board makes a Harborside Adverse Recommendation Change, each of Loudpack and Urbn Leaf would be entitled to terminate the Loudpack Merger Agreement receive the Loudpack Termination Fee or the Urbn Leaf Merger Agreement and receive the Urbn Leaf Termination Fee, respectively. See "*Transaction Agreements – Loudpack Merger Agreement – Covenants Regarding Non-Solicitation and Acquisition Agreements*" and "*Transaction Agreements – Urbn Leaf Merger Agreement – Covenants Regarding Non-Solicitation and Acquisition Agreements*".

The attention of Harborside's management may be diverted, and any such diversion could have an adverse effect on the business of Harborside.

The pending Mergers could cause the attention of Harborside's management to be diverted from the day-to-day operations of Harborside. These disruptions could be exacerbated by a delay in the completion of the Loudpack Merger and/or the Harborside Merger and could result in lost opportunities or negative impacts on performance, which could have a material and adverse effect on the business, financial condition and results of operations or prospects of Harborside if the Loudpack Merger and/or the Urbn Leaf Merger are not completed, and on the business of Harborside following the effective date of the Mergers.

There could be unknown or undisclosed risks or liabilities of Loudpack and/or Urbn Leaf for which Harborside is not permitted to terminate the Loudpack Merger or the Urbn Leaf Merger, as applicable.

While Harborside conducted due diligence with respect to Loudpack and Urbn Leaf prior to entering into the Loudpack Merger Agreement and Urbn Leaf Merger Agreement, respectively, there are risks inherent in any transaction. Specifically, there could be unknown or undisclosed risks or liabilities of Loudpack or Urbn Leaf for which Harborside is not permitted to terminate the Loudpack Merger Agreement or the Urbn Leaf Merger Agreement. Any such unknown or undisclosed risks or liabilities could materially and adversely affect Harborside's financial performance and results of operations. Harborside could encounter additional transaction and enforcement-related costs and may fail to realize any or all of the potential benefits from the Mergers. Any of the foregoing risks and uncertainties could have a material adverse effect on Harborside's business, financial condition and results of operations.

Harborside has not verified the reliability of the information regarding Loudpack and Urbn Leaf included in, or which may have been omitted from, this Circular.

Unless otherwise indicated, all information regarding Loudpack and Urbn Leaf contained in this Circular, including all Loudpack financial information and Urbn Leaf financial information has been derived provided by Loudpack and Urbn Leaf, as applicable. Although Harborside has no reason to

doubt the accuracy or completeness of such information, any inaccuracy or material omission in the information about or relating to Loudpack or Urbn Leaf contained in this Circular, could result in unanticipated liabilities or expenses, increase the cost of integrating the companies or adversely affect Harborside's operational and development plans and Harborside's business, financial condition and results of operations.

Uncertainty surrounding the Loudpack Merger or the Urbn Leaf Merger could adversely affect Harborside, Loudpack, or Urbn Leaf's retention of suppliers and personnel and could negatively impact future business and operations.

Each of the Loudpack Merger and Urbn Leaf Merger are dependent upon the satisfaction of various conditions, and as a result their completion is subject to uncertainty. In response to this uncertainty, Harborside's, Loudpack's and Urbn Leaf's suppliers may delay or defer certain decisions regarding their ongoing business with Harborside, Loudpack and Urbn Leaf, respectively. Any change, delay or deferral of those decisions by suppliers could negatively impact the business, operations and prospects of Harborside, regardless of whether the Mergers are ultimately completed. Similarly, current and prospective employees of Harborside may experience uncertainty about their future roles until such time as Harborside's plans with respect to such employees are determined and announced. This may adversely affect Harborside's ability to attract or retain key employees in the period until the Mergers are completed or thereafter.

The Fairness Opinions do not reflect changes in circumstances that may have occurred or that may occur between the date of the Merger Agreements and the completion of the Mergers.

The Harborside Board has not obtained updated the Fairness Opinions as of the date of this Circular, nor does it expect to receive updated, revised or reaffirmed opinions prior to the completion of the Mergers. Changes in the operations and prospects of Harborside, Loudpack or Urbn Leaf, as the case may be, general market and economic conditions and other factors that may be beyond the control of such parties, and on which the Fairness Opinions were based, may significantly alter the value of Harborside, Loudpack and/or Urbn Leaf or the market price of the Subordinate Voting Shares by the time the Mergers are completed. The Fairness Opinions do not speak as of the time the Mergers will be completed or as of any date other than the date of such opinions. Because PI Financial will not be updating the Fairness Opinions, such opinions will not address the fairness of the consideration to be paid under each of the Loudpack Merger Agreement and Urbn Leaf Merger Agreement to Harborside, from a financial point of view, at the time the Mergers are completed. See *"The Mergers – PI Financial Fairness Opinions*".

Risk Factors Relating to the Combined Company Following Completion of the Mergers

Significant demands will be placed on the Combined Company and Harborside cannot provide any assurance that its systems, procedures and controls will be adequate to support the expansion of operations and associated increased costs and complexity following and resulting from the Mergers.

As a result of the pursuit and completion of the Mergers, significant demands will be placed on the managerial, operational and financial personnel and systems of Harborside, Loudpack and Urbn Leaf. Harborside cannot provide any assurance that its systems, procedures and controls will be adequate to support the expansion of operations and associated increased costs and complexity following and resulting from the Mergers. The future operating results of the Combined Company following completion of the Mergers will be affected by the ability of its officers and key employees to manage changing business conditions, to integrate the acquisition of Loudpack and Urbn Leaf, to complete a new business strategy and to improve its operational and financial controls and reporting systems.

The failure to achieve the desired synergies and benefits of the Mergers could have a material adverse effect on the market price of the Subordinate Voting Shares following completion of the Mergers.

Each of the Loudpack Merger and the Urbn Leaf Merger have been agreed to with the expectation that its completion will result in enhanced growth opportunities for Harborside following completion thereof. These anticipated benefits will depend in part on whether Harborside, Loudpack, and Urbn Leaf's operations can be integrated in an efficient and effective manner. The extent to which synergies are realized and the timing of such cannot be assured. A number of risks and uncertainties are associated with the development of these types of synergies, including political, regulatory delays, design, labour, operational efficiencies, technical and technological risks, facility design errors, environmental factors, non-performance by third party contractors, failure of equipment, contractor or operator errors, major incidents or catastrophic events, uncertainties relating to capital and other costs and financing risks. It is likely that actual results of the Combined Company will differ from its current estimates and assumptions leading up to the Mergers, and these differences may be material. In addition, experience from actual growing, cultivating, or selling operations in the future may identify new or unexpected conditions which could reduce sales and increase capital and/or operating costs above current estimates. If actual results are less favourable than current estimates, the Combined Company's business, results of operations, financial condition and liquidity could be adversely impacted.

The Combined Company may be unable to successfully integrate the businesses and realize the anticipated benefits of the Mergers. The failure to successfully integrate the businesses of Harborside, Loudpack and Urbn Leaf could have a material adverse effect on the market price of the Subordinate Voting Shares.

The integration of Harborside, Loudpack and Urbn Leaf will require the dedication of substantial effort, time and resources on the part of management which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. In addition, the integration process could result in disruption of existing relationships with suppliers, employees, customers and other constituencies of each party. There can be no assurance that management will be able to integrate the operations of each of the businesses successfully or achieve any of the synergies or other benefits that are anticipated as a result of the Mergers. Most operational and strategic decisions and certain staffing decisions with respect to integration have not yet been made. These decisions and the integration of Harborside, Loudpack and Urbn Leaf will present challenges to management, including the integration of systems and personnel of each such party which may be geographically separated and result in unanticipated liabilities and unanticipated costs. It is possible that the integration process could result in the loss of key employees, the disruption of the respective ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the ability of management to maintain relationships with clients, suppliers, employees or to achieve the anticipated benefits of the Mergers. The performance of the Combined Company's operations after completion of the Mergers could be adversely affected if the Combined Company cannot retain key employees to assist in the integration and operation of Harborside, Loudpack and Urbn Leaf.

The completion of each of the Loudpack Merger and Urbn Leaf Merger may pose special risks, including one-time write-offs, restructuring charges and unanticipated costs. Although Harborside and its advisors have conducted due diligence on the various operations of each of Loudpack and Urbn Leaf, there can be no guarantee that Harborside will be aware of any and all liabilities of Loudpack and Urbn Leaf. As a result of these factors, it is possible that certain benefits expected from Harborside's acquisition of Loudpack and/or Urbn Leaf may not be realized. Any inability of management to successfully integrate the operations could have an adverse effect on the business, financial condition and results of operations of the Combined Company.

Following completion of the Mergers, the trading price of the Subordinate Voting Shares cannot be guaranteed, may be volatile and could be less than the current trading price of the Subordinate Voting Shares due to various market-related and other factors.

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Securities of companies in the cannabis industry have experienced substantial volatility in the past, often based on

factors unrelated to the financial performance or prospects of the companies involved. These factors include global economic developments and market perceptions of the cannabis industry. There can be no assurance that continuing fluctuations in price will not occur. The market price per Subordinate Voting Share is also likely to be affected by changes in Harborside's financial condition or results of operations. Other factors unrelated to the performance of Harborside that may have an effect on the price of Subordinate Voting Shares include the following: (a) changes in Laws related to the cultivation, production and distribution of cannabis in California and elsewhere; (b) current events affecting the economic situation in Canada, the United States and internationally; (c) trends in the industry; (d) regulatory and/or government actions, rulings or policies; (e) changes in financial estimates and recommendations by securities analysts or rating agencies; (f) acquisitions and financings; (g) the economics of current and future operations of the Combined Company; (h) quarterly variations in operating results; (i) the operating and share price performance of other companies, including those that investors may deem comparable; (j) the issuance of additional equity securities by the Combined Company or the perception that such issuance may occur; and (k) purchases or sales of blocks of Subordinate Voting Shares. In addition, the market price for securities in the stock markets, including the CSE, has experienced significant price and trading fluctuations in recent years. These fluctuations have resulted in volatility in the market prices of securities that often has been unrelated or disproportionate to changes in operating performance. These broad market fluctuations may adversely affect the market price of the Subordinate Voting Shares.

If the Mergers are completed, there will be a significant increase in the number of Subordinate Voting Shares available for trading in the public market. The increase in the number of Subordinate Voting Shares may lead to sales of such shares or the perception that such sales may occur, either of which may adversely affect the market price of Subordinate Voting Shares.

The Combined Company's operations will be dependent on additional financings and revenues.

The continued operation of the Combined Company will be dependent upon its ability to procure additional financing, through either debt or equity, and to generate operating revenues in the future where needed. If the Combined Company is unable to generate such or obtain such financing or such revenues, the market price of the Subordinate Voting Shares may decline.

If the Combined Company raises additional funds through future issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution and any new equity securities issued could have rights, preferences and privileges superior to those of the current shareholders. In addition, any debt financing obtained in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult to obtain additional capital and to pursue business opportunities, including potential acquisitions. The Combined Company may not be able to obtain additional financing on favourable terms, if at all. If the Combined Company is unable to obtain adequate financing or financing on terms satisfactory to it when required, its ability to continue to support its business growth and to respond to business challenges could be significantly impaired and its business may be harmed.

The Combined Company may not be able to effectively manage its growth and operations, which could materially and adversely affect its business.

As a result of the Mergers, the Combined Company may experience rapid growth and development in a relatively short period of time. The management of this growth will require, among other things, proper integration and continued development of the Combined Company's financial and management controls and management information systems, stringent control of costs, the ability to attract and retain qualified management personnel and the training of new personnel. Failure to successfully manage its possible growth and development could have a material adverse effect on the Combined Company's business and the value of the Subordinate Voting Shares.

Business relationships of Harborside, Loudpack, or Urbn Leaf may be subject to disruption due to uncertainty associated with the Mergers.

Third parties with which Harborside, Loudpack and Urbn Leaf currently do business with or may do business with in the future, including industry partners, customers and suppliers, may experience uncertainty associated with the Mergers, including with respect to current or future business relationships with Harborside, Loudpack or Urbn Leaf. Such uncertainty could have a material and adverse effect on the business, financial condition, results of operations or prospects of the Combined Company.

COVID-19 may impact the Combined Company's ability to conduct business.

The outbreak of COVID-19 has resulted in the completion of significant governmental measures, including lockdowns, closures, quarantines and travel bans, intended to control the spread of the virus. The COVID-19 pandemic may prevent the Combined Company, its suppliers, customers, and other business partners from conducting business activities for an indefinite period of time, including due to shutdowns that may be requested or mandated by governmental authorities. Such measures taken in response to COVID-19 may adversely impact the Combined Company's operations and are likely to be beyond the control of the Combined Company. In addition, the outbreak of COVID-19 is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of the Combined Company remains unknown. The market price of the Subordinate Voting Shares may be adversely affected in the short to medium term by the ongoing economic uncertainty caused by COVID-19.

The completion of the Mergers may create contractual risks with counterparties.

The Loudpack Merger and the Urbn Leaf Merger may be considered a change of control under existing contracts of Harborside, Loudpack and Urbn Leaf, as applicable, allowing counterparties to terminate such contracts as a result of the change in ownership. If the counterparty to any such contract were to validly seek to renegotiate or terminate the contract on that basis, this may have a material adverse effect on the financial performance of the Combined Company.

Risks Relating to the Businesses of Loudpack and Urbn Leaf.

While Harborside has completed due diligence investigations, including reviewing legal, tax accounting, financial and other matters, on each of Loudpack and Urbn Leaf, certain risks either may not have been uncovered or are not known at this time. Such risks may have an adverse impact on Harborside and the Combined Company following the Mergers and may have a negative impact on the value of the shares of the Combined Company, including the Subordinate Voting Shares issuable as consideration under the Mergers.

INFORMATION CONCERNING THE PARTIES TO THE MERGER AGREEMENTS

Information Concerning Harborside

Harborside, through its affiliated entities, is licensed to cultivate, manufacture, distribute and sell wholesale and retail cannabis and cannabis products for the adult-use and medical markets. Harborside operates in and/or has ownership interests in California and Oregon, pursuant to state and local laws and regulations, and is focused on building and maintaining its position as one of California's premier vertically integrated cannabis companies

Additional information with respect to the business and affairs of Harborside is included in "Appendix J – *Information Concerning Harborside*" attached to this Circular.

Information Concerning Loudpack

Loudpack is a leading privately-held cannabis company headquartered in Los Angeles, with a cultivation, manufacturing, processing and distribution footprint across California. A brands-first organization, Loudpack has been built to consistently produce and deliver its high-quality branded

product at scale. Sold and self-distributed to retailers statewide in California, Loudpack's house of brands distributed in California include *Kingpen*, *Loudpack*, *Dimebag*, and *Smokiez*.

Additional information with respect to the business and affairs of Loudpack is included in "Appendix K – *Information Concerning Loudpack*" attached to this Circular.

Information Concerning Urbn Leaf

Urbn Leaf is a retailer of cannabis products in California, with seven retail locations across the state and delivery options, as well as a product line that features its own branded products and other top cannabis brands in California.

Additional information with respect to the business and affairs of Urbn Leaf is included in "Appendix L – *Information Concerning Urbn Leaf*" attached to this Circular.

Information Concerning the Combined Company Following Completion of the Mergers

Following the completion of the Mergers, Harborside will directly own all of the equity interests of Loudpack and Urbn Leaf, and each of Loudpack and Urbn Leaf will be a wholly-owned Subsidiary of Harborside. Following completion of the Mergers, existing Harborside Shareholders, Loudpack Recipients and Urbn Leaf Shareholders, are expected to beneficially own approximately 35%, 39% and 26% of the Combined Company, respectively, on a non-diluted basis and assuming the conversion of all of the Multiple Voting Shares to Subordinate Voting Shares. Harborside intends to change its name to "StateHouse Holdings Inc." in connection with the completion of the Mergers.

Upon completion of the Mergers, Harborside's mission is to become one of the largest and most developed cannabis platforms in the state of California, with enhanced processing, manufacturing, distribution and cultivation capabilities and a diverse retail platform.

Additional information with respect to the business and affairs of Harborside following the completion of the Mergers is included in "Appendix M – *Information Concerning the Combined Company Following Completion of the Mergers*" attached to this Circular.

OTHER MATTERS

Interests of Informed Persons in Material Transactions

Other than as disclosed herein or the documents incorporated by reference herein, no "informed person" (as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations*), or proposed nominee for election as a director of Harborside or the Combined Company, or anyone associated or affiliated with any of them, has or had any material interest, direct or indirect, in any transaction since the beginning of Harborside's most recently completed financial year or proposed transaction which has materially affected or would materially affect Harborside or any of its respective subsidiaries or affiliates.

Interests of Certain Persons in Matters to be Acted Upon

Other than as disclosed herein, no director of executive officer of Harborside, no proposed nominee for a director of the Combined Company, and no associate or affiliate of any such director or executive officer, has a material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any item of business at the Harborside Meeting, except for any interest arising from the election of directors of the Combined Company as discussed under the heading "*Business of the Harborside Meeting – Election of the Board Nominees of the Combined Company*", or as set forth below.

Cresco Capital Partners II LLC, a company controlled by Andrew Sturner and Matthew Hawkins, directors of Harborside, beneficially holds or controls 279,631 shares of Urbn Leaf Common Stock. Based on the agreed upon equity values of Harborside and Urbn Leaf, respectively, as of November 29,

2021, and the projected issuance of approximately 60,000,000 Subordinate Voting Shares as the Urbn Leaf Merger Consideration (prior to giving effect to the proposed Consolidation), it is anticipated that between approximately 3,900,000 and 4,600,000 Subordinate Voting Shares will be issued to Cresco Capital Partners II, LLC and entities controlled by Cresco Capital Partners II LLC, based on the Subordinate Voting Shares outstanding as of the Record Date and assuming the issuance of an aggregate of 151,427,786 Subordinate Voting Shares as consideration under the Mergers. The precise number of Subordinate Voting Shares issuable pursuant to the Urbn Leaf Merger is subject to change as described in the section "*Details of the Urbn Leaf Merger – Calculation of Harborside and Urbn Leaf Equity Values*"

Interests of Experts

Armanino LLP is the current auditor of Harborside and has confirmed that they are independent of Harborside within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations. Armanino LLP was appointed auditor of Harborside effective October 28, 2021.

MNP LLP was the auditor of Harborside during the year ended December 31, 2020 and has confirmed that they were independent with respect of Harborside within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations. The Harborside Annual Financial Statements, incorporated by reference in this Circular, were audited by MNP LLP.

The Loudpack Annual Financial Statements included in "Appendix N – *Loudpack Audited Annual Financial Statements*" attached to this Circular have been audited by Marcum LLP. Marcum LLP is independent with respect to Loudpack within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in the United States and any applicable legislation or regulations.

The Urbn Leaf Annual Financial Statements included in "Appendix P – *Urbn Leaf Audited Annual Financial Statements*" attached to this Circular have been audited by PKF San Diego, LLP. PKF San Diego, LLP is independent with respect to Urbn Leaf within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in the United States and any applicable legislation or regulations

ADDITIONAL INFORMATION

Additional information relating to Harborside is available under Harborside's profile on SEDAR at www.sedar.com. Harborside Shareholders may contact Harborside at 1-800-892-4209, by email at investors@hborgroup.com or at 181 Bay Street, Suite 1800, Toronto, ON M5J 2T9 to request copies of Harborside's financial statements and management's discussion and analysis.

Financial information is provided in the Harborside Annual Financial Statements, Harborside Annual MD&A, Harborside Interim Financial Statements and Harborside Interim MD&A, which are incorporated by reference in this Circular and available under Harborside's profile on SEDAR at www.sedar.com. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Harborside's securities and securities authorized for issuance under equity compensation plans is contained in the management information circular filed in connection with the annual meeting of Harborside Shareholders held on June 24, 2021.

DIRECTORS' APPROVAL

The contents and the sending of this Circular have been approved by the Harborside Board.

DATED this 18th day of January, 2022.

BY ORDER OF THE BOARD OF DIRECTORS OF HARBORSIDE INC.

"*Matthew Hawkins*"
Matthew Hawkins
Interim Chief Executive Officer and Chairman

CONSENT OF PI FINANCIAL CORP.

To the Board of Directors of Harborside Inc. ("**Harborside**"):

We refer to the full text of the written fairness opinion (the "**PI Financial Loudpack Fairness Opinion**") dated as of November 29, 2021, which we prepared solely for the benefit and use of the Board of Directors of Harborside (the "**Harborside Board**") in connection with the merger involving Harborside and LPF JV Corporation ("**Loudpack**"), as described in the management information circular of Harborside dated January 18, 2022 (the "**Circular**"). We also refer to the full text of the written fairness opinion (the "**PI Financial Urbn Leaf Fairness Opinion**") dated as of November 29, 2021, which we prepared solely for the benefit and use of the Harborside Board in connection with the merger involving Harborside and UL Holdings Inc. ("**Urbn Leaf**"), as described in the Circular.

We consent to (a) the inclusion of the full text of the PI Financial Loudpack Fairness Opinion as "Appendix H – *PI Financial Loudpack Fairness Opinion*" to the Circular and references to our firm name and to the PI Financial Loudpack Fairness Opinion in the Circular; and (b) the inclusion of the full text of the PI Financial Urbn Leaf Fairness Opinion as "Appendix I – *PI Financial Urbn Leaf Fairness Opinion*" to the Circular and references to our firm name and to the PI Financial Urbn Leaf Fairness Opinion in the Circular

The PI Financial Loudpack Fairness Opinion was given as at November 29, 2021, and remains subject to the assumptions, qualifications and limitations contained therein. The PI Financial Urbn Leaf Fairness Opinion was given as at November 29, 2021, and remains subject to the assumptions, qualifications and limitations contained therein.

In providing our consent, we do not intend that any person other than the Harborside Board will be entitled to rely upon either the PI Financial Loudpack Fairness Opinion or the PI Financial Urbn Leaf Fairness Opinion.

(signed) "PI Financial Corp."

PI FINANCIAL CORP.

APPENDIX A
SHARE ISSUANCE RESOLUTION

BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

A. Harborside Inc. (the "**Corporation**") is hereby authorized to issue such number of subordinate voting shares in the capital of the Corporation as is necessary to allow the Corporation to acquire (a) 100% of the issued and outstanding common stock of LPF JV Corporation ("**Loudpack**") pursuant to an agreement and plan of merger and reorganization among the Corporation, Loudpack, LPF Merger Sub Inc. and LPF Holdco LLC dated November 29, 2021, as it may be amended, supplemented or otherwise modified from time to time (the "**Loudpack Merger**"); and (b) 100% of the issued and outstanding common stock of UL Holdings Inc. ("**Urbn Leaf**") pursuant to an agreement and plan of merger and reorganization among the Corporation, Urbn Leaf and Saturn Merger Sub Inc. dated November 29, 2021, as it may be amended, supplemented or otherwise modified from time to time (the "**Urbn Leaf Merger**" and together with the Loudpack Merger, the "**Mergers**"), all as more particularly described in the management information circular of the Corporation dated January 18, 2022;

B. notwithstanding that this resolution has been passed by holders of subordinate voting shares and multiple voting shares of the Corporation (the "**Harborside Shareholders**"), the directors of the Corporation are hereby authorized and empowered, if they decide not to proceed with the aforementioned resolution, to revoke this resolution at any time prior to the effective date of the Mergers, without further notice to or approval of the Harborside Shareholders; and

C. any director or officer of the Corporation is hereby authorized, empowered and instructed, acting for, in the name and on behalf of the Corporation, to execute or cause to be executed, under the seal of the Corporation or otherwise, and to deliver or to cause to be delivered, all such other documents and to do or to cause to be done all such other acts and things as in such person's opinion may be necessary or desirable in order to carry out the intent of the foregoing paragraphs of these resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or the doing of such act or thing.

APPENDIX B
NAME CHANGE RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION, CONDITIONAL ON THE COMPLETION OF THE MERGERS, THAT:

A. the articles of Harborside Inc. (the "**Corporation**") shall be amended to change the name of "Harborside Inc." to "StateHouse Holdings Inc." subject to regulatory approval;

B. the Corporation shall deliver the articles of amendment reflecting such name change in the prescribed form to the Director appointed under the *Business Corporations Act* (Ontario);

C. notwithstanding that this resolution has been duly passed by the shareholders of the Corporation, the directors of the Corporation are hereby authorized and empowered, if they decide not to proceed with the aforementioned resolution, to revoke this resolution at any time, without further notice to, or approval of, the shareholders of the Corporation; and

D. any director or officer of the Corporation is hereby authorized, for and on behalf and in the name of the Corporation, to execute and deliver, whether under corporate seal of the Corporation or otherwise, the articles of amendment reflecting such name change and all such agreements, forms, waivers, notices, certificates, confirmations and other documents and instruments and to do or cause to be done all such other acts and things, as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

APPENDIX C
CONSOLIDATION RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION, CONDITIONAL ON THE COMPLETION OF THE MERGERS, THAT:

A. the articles of Harborside Inc. (the "**Corporation**") shall be amended to provide that: (i) the authorized capital of the Corporation is altered by consolidating all of the issued and outstanding subordinate voting shares of the Corporation (the "**Subordinate Voting Shares**") on the basis of a consolidation ratio to be selected by the board of directors of the Corporation (the "**Harborside Board**") in its discretion, provided that the consolidation ratio shall be no greater than one post-consolidation Subordinate Voting Share for every six pre-consolidation Subordinate Voting Shares; (ii) the authorized capital of the Corporation is altered by consolidating all of the issued and outstanding multiple voting shares of the Corporation (the "**Multiple Voting Shares**") on the basis of a consolidation ratio to be selected by the Harborside Board in its discretion, provided that the consolidation ratio shall be no greater than one post-Consolidation Multiple Voting Share for every six pre-Consolidation Multiple Voting Shares and shall be the same consolidation ratio as the consolidation of the Subordinate Voting Shares; (iii) any fractional Subordinate Voting Shares arising from the consolidation of the Subordinate Voting Shares shall be deemed to have been tendered by its registered owner to the Corporation for cancellation for no consideration; and (iv) any fractional Multiple Voting Shares beyond two decimal points arising from the consolidation of the Multiple Voting Shares shall be deemed to have been tendered by its registered owner to the Corporation for cancellation for no consideration;

B. the Corporation shall deliver the articles of amendment reflecting such share consolidation in the prescribed form to the Director appointed under the *Business Corporations Act* (Ontario);

C. notwithstanding that this resolution has been duly passed by the shareholders of the Corporation, the Harborside Board is hereby authorized and empowered, if it decides not to proceed with the aforementioned resolution, to revoke this resolution at any time, without further notice to, or approval of, the shareholders of the Corporation; and

D. any director or officer of the Corporation is hereby authorized, for and on behalf and in the name of the Corporation, to execute and deliver, whether under corporate seal of the Corporation or otherwise, the articles of amendment reflecting such consolidation and all such agreements, forms, waivers, notices, certificates, confirmations and other documents and instruments and to do or cause to be done all such other acts and things, as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

APPENDIX D
SHAREHOLDER RIGHTS PLAN RESOLUTION

BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

A. the Amended and Restated Shareholder Rights Plan Agreement (the "**Shareholder Rights Plan**") dated as of February 22, 2022 between Harborside Inc. (the "**Corporation**") and Odyssey Trust Company, as rights agent, as set forth in Appendix Q to the management information circular of the Corporation dated January 18, 2022, is hereby confirmed and approved;

B. the Shareholder Rights Plan, as amended and restated in accordance with the above, be and it is hereby reconfirmed and approved; and

C. any director or officer of the Corporation is hereby authorized, for and on behalf and in the name of the Corporation, to execute and deliver, whether under corporate seal of the Corporation or otherwise, such agreements, forms, waivers, notices, certificates, confirmations and other documents and instruments as such director or officer may determine to be necessary or advisable to amend and restate the Shareholder Rights Plan, and to do or cause to be done all such other acts and things, as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

APPENDIX E
ARTICLES ALTERATION RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

A. the existing articles of Harborside Inc. (the "**Corporation**") be and are hereby altered by deleting the existing articles in their entirety and adopting the amended and restated articles (the "**Amended and Restated Articles**") as set forth in Appendix R to the management information circular of the Corporation dated January 18, 2022 (the "**Articles Amendment**");

B. any director or officer of the Corporation is hereby authorized, for and on behalf and in the name of the Corporation, to execute and deliver, whether under corporate seal of the Corporation or otherwise, the Amended and Restated Articles in duplicate to the Director appointed under the *Business Corporations Act* (Ontario), and all such agreements, forms, waivers, notices, certificates, confirmations and other documents and instruments and to do or cause to be done all such other acts and things, as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing;

C. upon the Amended and Restated Articles having become effective in accordance with the provisions of the *Business Corporations Act* (Ontario), the articles of the Corporation are amended accordingly; and

D. notwithstanding the approval of the Articles Amendment, the directors of the Corporation be and they are hereby authorized without further approval of the shareholders to revoke the Articles of Amendment before it is acted upon if the directors otherwise deem it to be in the best interests of the Corporation.

APPENDIX F
EQUITY INCENTIVE PLAN AMENDMENT RESOLUTION

BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

A. Harborside Inc.'s (the "**Corporation**") equity incentive plan dated June 30, 2020, be and is hereby amended and restated as set forth in Appendix S to the management information circular of the Corporation dated January 18, 2022 (the "**Amended and Restated Equity Incentive Plan**"), to increase the maximum number of subordinate voting shares of the Corporation (the "**Subordinate Voting Shares**") which may be allocated for issuance pursuant to the Incentive Stock Options (as defined in the Amended and Restated Equity Incentive Plan) to up to 23,355,026 Subordinate Voting Shares or such lesser amount determined by the board of directors of the Corporation.

B. The board of directors of the Corporation be and is hereby authorized to grant Incentive Stock Options under and subject to the terms and conditions of the Amended and Restated Equity Incentive Plan, which may be exercised to purchase up to 23,355,026 Subordinate Voting Shares of the Corporation; and

C. any director or officer of the Corporation is hereby authorized, for and on behalf and in the name of the Corporation, to execute and deliver, whether under corporate seal of the Corporation or otherwise, such agreements, forms, waivers, notices, certificates, confirmations and other documents and instruments as such director or officer may determine to be necessary or advisable to give effect to the Amended and Restated Equity Incentive Plan, and to do or cause to be done all such other acts and things, as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

APPENDIX G
BY-LAW AMENDMENT RESOLUTION

BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

A. the deletion of Section 3.2(c) of By-law No. 2 (the "**By-law**") of Harborside Inc. (the "**Corporation**"), as approved by the board of directors of the Corporation on January 17, 2022, is hereby approved, confirmed and ratified;

B. any director or officer of the Corporation is hereby authorized, for and on behalf and in the name of the Corporation, to execute and deliver, whether under corporate seal of the Corporation or otherwise, such agreements, forms, waivers, notices, certificates, confirmations and other documents and instruments as such director or officer may determine to be necessary or advisable to amend the By-law, and to do or cause to be done all such other acts and things, as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

APPENDIX H
PI FINANCIAL LOUDPACK FAIRNESS OPINION

November 29, 2021

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The Board of Directors
Harborside Inc.
Suite 202 – 2100 Embarcadero
Oakland, CA
USA
94606

To the Board of Directors of Harborside Inc.:

PI Financial Corp. ("**PI Financial**", "**we**" or "**us**") understands that Harborside Inc. ("**Harborside**, or the "**Company**"), LPF JV Corporation ("**Loudpack**") and certain subsidiaries of each of Harborside and Loudpack have entered into a definitive agreement dated November 29, 2021 (the "**Loudpack Merger Agreement**"), pursuant to which Harborside will acquire all of the issued and outstanding common stock of Loudpack by way of a "Plan of Merger and Reorganization" in accordance with the requirements of Delaware General Corporate Law (the "**Loudpack Merger**"). Under the terms of the Loudpack Merger, the sole stockholder of Loudpack (the "**Sole Stockholder**") will receive aggregate consideration (the "**Consideration**") consisting of approximately 91,427,786 subordinate voting shares of Harborside ("**Subordinate Voting Shares**"), to be issued on the date of completion of the Loudpack Merger, which Consideration will ultimately be distributed to the members of the Sole Stockholder following the completion of the Loudpack Merger.

The Loudpack Merger is being undertaken concurrently with the proposed acquisition by Harborside of all the outstanding common stock of UL Holdings Inc. ("**Urbn Leaf Merger**"), resulting in the creation of one of the largest and most developed cannabis platforms in the State of California, to be renamed "StateHouse Holdings Inc."

Completion of the Loudpack Merger is subject to the approval of the shareholders of Harborside (the "**Shareholders**"), the Sole Stockholder and the voting members of the Sole Stockholder, and other customary conditions, including receipt of all required regulatory approvals. The terms of, and conditions necessary to complete, the Loudpack Merger are set forth in the Loudpack Merger Agreement and will be described in the management information circular of the Company (the "**Circular**") to be mailed to the Shareholders in connection with the special meeting of the Shareholders to be held to consider and vote upon the issuance of Subordinate Voting Shares pursuant to the Loudpack Merger (the "**Harborside Meeting**"). It is a condition to the completion of each of the Loudpack Merger and the Urbn Leaf Merger that Shareholder approval is received from the requisite majority of Shareholders at the Harborside Meeting. If Shareholder approval is not received, the Loudpack Merger and the Urbn Leaf Merger will not be completed. Full details of the Loudpack Merger are expected to be summarized in the Circular to be filed by the Company on the System for Electronic Document Analysis and Retrieval.

We understand that the Company's board of directors (the "**Board of Directors**") has also retained ATB Capital Markets Inc. and Stoic-Solidum Advisory as financial advisors to Harborside and that Cassels Brock & Blackwell LLP acted as Canadian legal counsel and Duane Morris LLP acted as United States legal counsel to Harborside.

The Board of Directors has retained PI Financial as a financial advisor to provide an opinion as to the fairness, from a financial point of view, of the Consideration to be paid by Harborside pursuant to the Loudpack Merger. PI Financial has not been engaged to prepare and has not prepared a formal valuation of Loudpack or any of the securities or assets thereof and its opinion should not be constructed as a

"formal valuation" (within the meaning of Multinational Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions*).

ENGAGEMENT OF PI FINANCIAL CORP.

Representatives of the Board of Directors of Harborside initially contacted PI Financial regarding a potential advisory assignment on June 15, 2021. PI Financial was formally engaged by the Board of Directors pursuant to a letter agreement dated July 27, 2021 (the "**Loudpack Engagement Agreement**"). Under the terms of the Loudpack Engagement Agreement, PI Financial agreed to provide the Board of Directors with a written opinion (the "**Opinion**") as to the fairness, from a financial point of view, of the Consideration to be paid by Harborside pursuant to the Loudpack Merger.

PI Financial will be paid a fixed fee for rendering the Opinion, no portion of which is conditional upon the Opinion being favourable or the completion of the Loudpack Merger. Harborside has also agreed to reimburse PI Financial for its reasonable out-of-pocket expenses and to indemnify it against certain liabilities that might arise out of PI Financial's engagement.

The Board of Directors also retained PI Financial as a financial advisor to provide an opinion as to the fairness, from a financial point of view, of the consideration to be paid by Harborside pursuant to the Urbn Leaf Merger ("**Urbn Leaf Opinion**"). The Urbn Leaf Opinion has been delivered by PI Financial to the Board of Directors of Harborside as a separate fairness opinion to be included in the Circular to be mailed to the Shareholders in connection with the Harborside Meeting.

CREDENTIALS OF PI FINANCIAL CORP.

PI Financial is an independent Canadian investment dealer providing investment research, equity sales and trading and investment banking services to a broad range of institutions, corporations, and retail investors. PI Financial has participated in a significant number of transactions involving public and private companies and has extensive experience in preparing opinions of this nature. The Opinion expressed herein represents the opinion of PI Financial and its form and content have been approved for release by a fairness review committee consisting of individuals who are experienced in merger, acquisition, divesture, fairness opinions, valuations and other capital market matters.

INDEPENDENCE OF PI FINANCIAL CORP.

Neither PI Financial, nor any of its affiliates, is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Ontario) or the rules made thereunder) of Harborside, Loudpack or any of their respective associates or affiliates (collectively, the "**Interested Parties**").

PI Financial has not been engaged to provide any financial advisory services nor has it participated in any financings involving the Interested Parties within the past two years, other than: (i) providing a fairness opinion to the Board of Directors of Harborside pursuant to the Urbn Leaf Merger being completed concurrently with the Loudpack Merger; and (ii) providing a fairness opinion to the Board of Directors of Harborside pursuant to the acquisition of Sublimation Inc., as announced by Harborside on June 1, 2021.

There are no understandings, agreements or commitments between PI Financial, Harborside and Loudpack, or any other Interested Party, with respect to any future business dealings. PI Financial may, in the future, in the ordinary course of business, perform financial advisory or investment banking services for Harborside or any other Interested Party.

PI Financial acts as a securities trader and dealer, both as principal and agent, in major financial markets and, as such, may have had, may have, and may in the future have long or short positions in the securities of Harborside or other Interested Parties and, from time to time, may have executed or

may execute transactions on behalf of such companies or clients for which it may have received or may receive compensation. As an investment dealer, PI Financial conducts research on securities and may, in the ordinary course of business, provide research reports and investment advice to its clients on investment matters, including with respect to Harborside and the Loudpack Merger.

SCOPE OF REVIEW

PI Financial has been retained by the Board of Directors to provide this Opinion about the fairness, from a financial point of view, of the Consideration to be paid by Harborside pursuant to the Loudpack Merger. In this context, and for the purposes of preparing the Opinion, PI Financial has analyzed financial and other information relating to Harborside, and Loudpack, including information derived from discussions with the management of the Company and with Harborside's financial advisors.

The Opinion has been prepared in accordance with Dealer Member Rule 29 of the Investment Industry Regulatory Organization of Canada ("**IIROC**") regarding its disclosure standards for formal valuations and fairness opinions; however, IIROC has not been involved in the preparation or review of the Opinion.

In connection with rendering the Opinion, PI Financial has reviewed and relied upon, or carried out, among other things, the following:

i. letter of Intent and/or proposal between Harborside and Loudpack, dated February 21, 2021;
ii. draft of the Loudpack Merger Agreement dated November 14, 2021;
iii. publicly available documents regarding the Company, including annual and quarterly reports, financial statements, management circulars and other filings deemed relevant;
iv. certain internal financial, operating, corporate and other information prepared or provided by or on behalf of the Company concerning the business operations, assets, liabilities and prospects of the Company and Loudpack;
v. internal management forecasts, development and operating projections, estimates (including future estimates of operating performance) and budgets prepared or provided by or on behalf of the Company and Loudpack;
vi. discussions with management of the Company related to the business, financial condition and prospects of the Company;
vii. selected public market trading statistics and relevant financial information of the Company and other public entities;
viii. selected financial statistics and relevant financial information with respect to relevant precedent transactions;
ix. selected reports published by equity research analysts and industry sources regarding comparable entities;
x. a certificate addressed to PI Financial, dated as of the date hereof, from two senior officers of the Company as to the completeness and accuracy of the Information (as defined below); and
xi. such other information, analyses, investigations, and discussions as we considered necessary or appropriate in the circumstances.

In its assessment, PI Financial looked at several methodologies, analyses and techniques and used the combination of these approaches to determine the Opinion. PI Financial based the Opinion

upon a number of qualitative and quantitative factors as deemed appropriate based on PI Financial's experience in rendering such opinions.

ASSUMPTIONS AND LIMITATIONS

Our Opinion is subject to the assumptions, qualifications and limitations set forth below. We have not been asked to prepare, and have not prepared, an independent evaluation, formal valuation or appraisal of the securities or the assets of Harborside or Loudpack, nor were we provided with any such evaluations, valuations or appraisals. We did not conduct any physical inspection of the properties or facilities of the Company or Loudpack. Furthermore, our Opinion does not address the solvency or fair value of the Company under any applicable laws relating to bankruptcy or insolvency. Our Opinion should not be construed as advice as to the price at which the securities of the Company may trade at any time and does not address any legal, tax or regulatory aspects of the Loudpack Merger.

PI Financial was similarly not engaged to review or provide any legal, tax, regulatory or accounting aspects of the Loudpack Merger, and the Opinion does not address such matters. In addition, the Opinion does not address the relative merits of the Loudpack Merger as compared to any other transaction or the prospects or likelihood of any alternative transaction or any other possible transaction involving Harborside or Loudpack and their respective assets or securities. The Opinion represents an impartial expert judgment, not a statement of fact. Nothing contained herein is to be construed as a legal interpretation, an opinion on any contract or document, or a recommendation to invest or divest, or approve or vote in favour of or against any transaction. Subject to the foregoing, PI Financial has conducted such analyses as it considered necessary in the circumstances.

With the permission of the Board of Directors and as is provided for in the Loudpack Engagement Agreement, PI Financial has relied upon the completeness, accuracy and fair presentation of all financial and other information, data, documents, materials, advice, opinions and representations obtained by us, including information provided by the Company in relation to the Company and Loudpack, data, advice, opinions and representations obtained by us from public sources, or provided to us by or on behalf of the Company or any of its affiliates, directors, officers, agents and advisors or otherwise obtained by us pursuant to our engagement (collectively, the "**Information**") and PI Financial has assumed that this Information did not omit to state any material fact or any fact necessary to be stated to make that Information not misleading. The Opinion is conditional upon the completeness, accuracy and fair presentation of such Information including as to the absence of any undisclosed material change. Subject to the exercise of professional judgment and except as expressly described herein, PI Financial has not attempted to independently verify or investigate the completeness, accuracy or fair presentation of any of the Information. We have not met separately with the independent auditors of the Company in connection with preparing this Opinion and with the permission of the Company, we have assumed the accuracy and fair presentation of, and relied upon, the audited financial statements of the Company and the reports of the auditors thereon and the interim unaudited financial statements of the Company.

With respect to any portions of the Information that constitute forecasts, projections, estimates or budgets, we have assumed that such forecasts, projections, estimates or budgets were reasonably prepared on bases reflecting the best currently available assumptions, estimates and judgments of management of the Company having regard to the Company's business, plans, financial condition and prospects are not, in the reasonable belief of management of the Company, misleading in any material respect.

The Company has also represented to us, in a certificate signed by two senior officers of the Company dated the date hereof, among other things, that: (i) the Information provided to us, either orally or in writing, including, without limitation, the written information and discussions concerning the Company referred to above under the heading "Scope of Review", are complete, true and correct at the date the Information was provided to us and is as of the date of the certificate, complete, true and correct in all material respects and did not and does not contain a misrepresentation, (ii) since the dates

on which the Information was provided to us, except as disclosed to us, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of the Company or any of its affiliates, and there has been no change in any material fact or in any material element of any of the Information or any new material fact, any of which is of a nature as to render any portion of the Information untrue or misleading in any material respect or which could reasonably be expected to have a material effect on the Opinion, and (iii) the representations with respect to the Information relating to Loudpack are given solely on the basis of, and are qualified by the terms of, the representations made to the Company by Loudpack in the Loudpack Merger Agreement.

PI Financial has also assumed that the consummation of the Loudpack Merger will be effected in accordance with the terms and conditions of the Loudpack Merger Agreement, without waiver, modification or amendment of any material term, condition or agreement, and that, in the course of obtaining the necessary regulatory or third party consents and approvals (contractual or otherwise) for the Loudpack Merger, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on Harborside with respect to the contemplated benefits of the Loudpack Merger.

The Opinion is rendered on the basis of securities markets, economic, financial and general business conditions prevailing as of the date hereof and the condition and prospects, financial and otherwise, of Harborside and Loudpack and their respective affiliates, as they were reflected in the Information and as they were represented to us in our discussions with management of the Company or its affiliates and advisors.

In its analyses and in preparing the Opinion, PI Financial has made numerous assumptions with respect to expected industry performance, general business, markets and economic conditions, and other matters, many of which are beyond the control of any party involved in the Loudpack Merger.

The Opinion is being provided for the exclusive use of the Board of Directors in considering the Loudpack Merger and may not be published, disclosed to any other person, relied upon by any other person, or used by any other person. Except as contemplated herein, the Opinion is not to be reproduced, disseminated, quoted from or referred to (in whole or in part) without the express prior written consent of PI Financial. Notwithstanding the foregoing, PI Financial hereby consents to the reference to PI Financial and the description of, reference to and reproduction of the Opinion in the Circular (in a form acceptable to us). PI Financial will not be held liable for any losses sustained by any person should the Opinion be circulated, distributed, published, reproduced or used contrary to the provisions of the Opinion.

PI Financial believes that its financial analyses must be considered and reviewed as a whole and that selecting portions of its analyses and the factors considered by it, without considering all the analyses and factors together, could create a misleading view of the process underlying the Opinion. The preparation of a fairness opinion is a complex process and is not necessarily amenable to partial analysis or summary description and any attempt to carry out such partial analysis or summary description could lead to undue emphasis on any particular factor or analysis.

The Opinion is given as of the date hereof and, although we reserve the right to change or withdraw the Opinion if we learn that any of the Information that we relied upon in preparing the Opinion was inaccurate, incomplete or misleading in any material respect, we disclaim any obligation to change or withdraw the Opinion, to advise any person of any change that may come to our attention or to update the Opinion after the date of this Opinion.

APPROACH TO FAIRNESS AND ANALYSIS

PI Financial performed various analyses in connection with rendering the Opinion. In arriving at our conclusion, PI Financial did not attribute any particular weight to any specific approach or

analysis, but rather developed qualitative judgements on the basis of its experience in rendering such Opinion and the information presented as a whole.

Summary of Analysis

In support of this Opinion, PI Financial has performed certain analyses on Harborside, based on those methodologies and assumptions that we considered appropriate in the circumstances for the purposes of providing this Opinion. In the context of this Opinion, we considered, among others, the following methodologies:

i. net present value approach based upon discounted cash flow analysis;
ii. comparable companies approach (as defined below); and
iii. precedent transactions approach (as defined below).

Net Asset Value Approach

The net asset value approach ("**NAV**") considers a set of assumptions to derive future cash flow estimates for Loudpack that can be discounted to estimate a present value for Loudpack, net of obligations and liabilities. In the instance of Loudpack, we forecast future revenue over a 5-year period using a market derived growth rate and then established an estimate of earnings before interest, tax, depreciation and amortisation ("**EBITDA**") as a proxy of cash flow. Thereafter we determined a terminal value using comparable peer group multiples for enterprise value to EBITDA ("**EV/EBITDA**") as a guidance for terminal multiples to establish an exit multiple and terminal value. We then discounted the EBITDA and the established terminal value at a discount rate to generate a present value ("**NPV**"). Using the NAV approach required that certain assumptions be made to derive the NPV including, among other things, growth rates for revenue and EBITDA and an appropriate discount rate based on an analysis of the weighted cost of capital of comparable companies. We also considered various sensitivity scenarios around a base case estimate to establish an implied equity value for Loudpack based on the NAV approach.

Comparable Companies Approach

PI Financial reviewed public market trading statistics of comparable US multi-state operators, single-state operators and CPG focussed businesses ("**Comparable Companies Approach**"). We principally considered multiples based on enterprise value to revenue ("**EV/Revenue**") and enterprise value to EBITDA ("**EV/EBITDA**"). Estimated financial data for the selected comparable companies was based on publicly available equity research analysts' estimates and public disclosure by the selected companies. We applied a range of selected multiples to the corresponding data for Loudpack to develop an implied equity value for Loudpack based on a range of comparable multiples.

Precedent Transactions Approach

PI Financial reviewed publicly available information on acquisition transactions of comparable US multi-state operators (the "**Precedent Transactions Approach**"). We principally considered these transactions based upon the implied multiples of EV/Revenue and EV/EBITDA. We then applied a range based upon these transactions to the corresponding data of Loudpack to develop an implied equity value for Loudpack based on a range of precedent transaction multiples.

PI Financial also reviewed premiums paid to shareholders in transactions involving the acquisition of public companies, as at the date of announcement of the transaction.

Analysis Conclusions

PI Financial then analyzed the value of the Consideration to be paid to by Harborside based on the Harborside current share price, against implied valuations for Loudpack based on the various valuation methodologies.

PI Financial determined that the Consideration to be paid by Harborside compares favorably against the implied value ranges derived from various comparable peer multiples and precedent transaction multiples within the US multi-state operators universe presented herein. The Consideration to be paid by Harborside also compares favourably to the discounted cash flow value ranges derived from management estimates, observable market data and estimates and PI Financial's internal assumptions.

FAIRNESS OPINION

Based upon and subject to the foregoing and such other matters as we considered relevant, PI Financial Corp. is of the opinion that, as of the date hereof, the Consideration to be paid by Harborside pursuant to the Loudpack Merger is fair, from a financial point of view to Harborside.

Yours very truly,

PI Financial Corp.

PI FINANCIAL CO

APPENDIX I
PI FINANCIAL URBN LEAF FAIRNESS OPINION

November 29, 2021

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The Board of Directors
Harborside Inc.
Suite 202 – 2100 Embarcadero
Oakland, CA
USA
94606

To the Board of Directors of Harborside Inc.:

PI Financial Corp. ("**PI Financial**", "**we**" or "**us**") understands that Harborside Inc. ("**Harborside**, or the "**Company**"), UL Holdings Inc. ("**Urbn Leaf**"), and a wholly-owned subsidiary of Harborside have entered into a definitive agreement dated November 29, 2021 (the "**Urbn Leaf Merger Agreement**"), pursuant to which Harborside will acquire all of the issued and outstanding common stock of Urbn Leaf by way of a "Plan of Merger and Reorganization" in accordance with the requirements of California General Corporate Law (the "**Urbn Leaf Merger**"). Under the terms of the Urbn Leaf Merger, shareholders of Urbn Leaf will receive aggregate consideration (the "**Consideration**") consisting of approximately 60,000,000 subordinate voting shares of Harborside ("**Subordinate Voting Shares**"), to be issued on the date of completion of the Urbn Leaf Merger.

The Urbn Leaf Merger is being undertaken concurrently with the proposed acquisition by Harborside of all the outstanding common stock of LPF JV Corporation ("**Loudpack Merger**"), resulting in the creation of one of the largest and most developed cannabis platforms in the State of California, to be renamed "StateHouse Holdings Inc."

Completion of the Urbn Leaf Merger is subject to the approval of the shareholders of Harborside (the "**Shareholders**"), and other customary conditions, including the approval of transfer of certain retail licenses by the regulatory licensing authority and all required regulatory approvals. The terms of, and conditions necessary to complete, the Urbn Leaf Merger are set forth in the Urbn Leaf Merger Agreement and will be described in the management information circular of the Company (the "**Circular**") to be mailed to the Shareholders in connection with the special meeting of the Shareholders to be held to consider and vote upon the issuance of Subordinate Voting Shares pursuant to the Urbn Leaf Merger (the "**Harborside Meeting**"). It is a condition to the completion of each of the Loudpack Merger and the Urbn Leaf Merger that Shareholder approval is received from the requisite majority of Shareholders at the Harborside Meeting. If Shareholder approval is not received, the Loudpack Merger and the Urbn Leaf Merger will not be completed. Full details of the Urbn Leaf Merger are expected to be summarized in the Circular to be filed by the Company on the System for Electronic Document Analysis and Retrieval.

We also understand that the Company's board of directors (the "**Board of Directors**") has also retained ATB Capital Markets Inc. and Stoic-Solidum Advisory as financial advisors to Harborside and that Cassels Brock & Blackwell LLP acted as Canadian legal counsel and Duane Morris LLP acted as United States legal counsel to Harborside.

The Board of Directors has retained PI Financial as a financial advisor to provide an opinion as to the fairness, from a financial point of view, of the Consideration to be paid by Harborside pursuant to the Urbn Leaf Merger. PI Financial has not been engaged to prepare and has not prepared a formal valuation of Urbn Leaf or any of the securities or assets thereof and its opinion should not be constructed as a

"formal valuation" (within the meaning of Multinational Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions*).

ENGAGEMENT OF PI FINANCIAL CORP.

Representatives of the Board of Directors of Harborside initially contacted PI Financial regarding a potential advisory assignment on June 15, 2021. PI Financial was formally engaged by the Board of Directors pursuant to a letter agreement dated July 27, 2021 (the "**Urbn Leaf Engagement Agreement**"). Under the terms of the Urbn Leaf Engagement Agreement, PI Financial agreed to provide the Board of Directors with a written opinion (the "**Opinion**") as to the fairness, from a financial point of view, of the Consideration to be paid by Harborside pursuant to the Urbn Leaf Merger.

PI Financial will be paid a fixed fee for rendering the Opinion, no portion of which is conditional upon the Opinion being favourable or the completion of the Urbn Leaf Merger. Harborside has also agreed to reimburse PI Financial for its reasonable out-of-pocket expenses and to indemnify it against certain liabilities that might arise out of PI Financial's engagement.

The Board of Directors also retained PI Financial as a financial advisor to provide an opinion as to the fairness, from a financial point of view, of the Consideration to be paid by Harborside pursuant to the Loudpack Merger ("**Loudpack Opinion**"). The Loudpack Opinion has been delivered by PI Financial to the Board of Directors of Harborside as a separate fairness opinion to be included in the Circular to be mailed to the Shareholders in connection with the Harborside Meeting.

CREDENTIALS OF PI FINANCIAL CORP.

PI Financial is an independent Canadian investment dealer providing investment research, equity sales and trading and investment banking services to a broad range of institutions, corporations, and retail investors. PI Financial has participated in a significant number of transactions involving public and private companies and has extensive experience in preparing opinions of this nature. The Opinion expressed herein represents the opinion of PI Financial and its form and content have been approved for release by a fairness review committee consisting of individuals who are experienced in merger, acquisition, divesture, fairness opinions, valuations and other capital market matters.

INDEPENDENCE OF PI FINANCIAL CORP.

Neither PI Financial, nor any of its affiliates, is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Ontario) or the rules made thereunder) of Harborside, Urbn Leaf or any of their respective associates or affiliates (collectively, the "**Interested Parties**").

PI Financial has not been engaged to provide any financial advisory services nor has it participated in any financings involving the Interested Parties within the past two years, other than: (i) providing a fairness opinion to the Board of Directors of Harborside pursuant to the Loudpack Merger being completed concurrently with the Urbn Leaf Merger; and (ii) providing a fairness opinion to the Board of Directors of Harborside pursuant to the acquisition of Sublimation Inc., as announced by Harborside on June 1, 2021.

There are no understandings, agreements or commitments between PI Financial, Harborside and Urbn Leaf, or any other Interested Party, with respect to any future business dealings. PI Financial may, in the future, in the ordinary course of business, perform financial advisory or investment banking services for Harborside or any other Interested Party.

PI Financial acts as a securities trader and dealer, both as principal and agent, in major financial markets and, as such, may have had, may have, and may in the future have long or short positions in the securities of Harborside or other Interested Parties and, from time to time, may have executed or

may execute transactions on behalf of such companies or clients for which it may have received or may receive compensation. As an investment dealer, PI Financial conducts research on securities and may, in the ordinary course of business, provide research reports and investment advice to its clients on investment matters, including with respect to Harborside and the Urbn Leaf Merger.

SCOPE OF REVIEW

PI Financial has been retained by the Board of Directors to provide this Opinion about the fairness, from a financial point of view, of the Consideration to be paid by Harborside pursuant to the Urbn Leaf Merger. In this context, and for the purposes of preparing the Opinion, PI Financial has analyzed financial and other information relating to Harborside, and Urbn Leaf, including information derived from discussions with the management of the Company and with Harborside's financial advisors.

The Opinion has been prepared in accordance with Dealer Member Rule 29 of the Investment Industry Regulatory Organization of Canada ("**IIROC**") regarding its disclosure standards for formal valuations and fairness opinions; however, IIROC has not been involved in the preparation or review of the Opinion.

In connection with rendering the Opinion, PI Financial has reviewed and relied upon, or carried out, among other things, the following:

i. letter of Intent and/or proposal between Harborside and Urbn Leaf, dated July 23, 2021;
ii. draft of the Urbn Leaf Merger Agreement dated November 10, 2021;
iii. publicly available documents regarding the Company, including annual and quarterly reports, financial statements, management circulars and other filings deemed relevant;
iv. certain internal financial, operating, corporate and other information prepared or provided by or on behalf of the Company concerning the business operations, assets, liabilities and prospects of the Company and Urbn Leaf;
v. internal management forecasts, development and operating projections, estimates (including future estimates of operating performance) and budgets prepared or provided by or on behalf of the Company and Urbn Leaf;
vi. discussions with management of the Company related to the business, financial condition and prospects of the Company;
vii. selected public market trading statistics and relevant financial information of the Company and other public entities;
viii. selected financial statistics and relevant financial information with respect to relevant precedent transactions;
ix. selected reports published by equity research analysts and industry sources regarding comparable entities;
x. a certificate addressed to PI Financial, dated as of the date hereof, from two senior officers of the Company as to the completeness and accuracy of the Information (as defined below); and
xi. such other information, analyses, investigations, and discussions as we considered necessary or appropriate in the circumstances.

In its assessment, PI Financial looked at several methodologies, analyses and techniques and used the combination of these approaches to determine the Opinion. PI Financial based the Opinion

upon a number of qualitative and quantitative factors as deemed appropriate based on PI Financial's experience in rendering such opinions.

ASSUMPTIONS AND LIMITATIONS

Our Opinion is subject to the assumptions, qualifications and limitations set forth below. We have not been asked to prepare, and have not prepared, an independent evaluation, formal valuation or appraisal of the securities or the assets of Harborside or Urbn Leaf, nor were we provided with any such evaluations, valuations or appraisals. We did not conduct any physical inspection of the properties or facilities of the Company or Urbn Leaf. Furthermore, our Opinion does not address the solvency or fair value of the Company under any applicable laws relating to bankruptcy or insolvency. Our Opinion should not be construed as advice as to the price at which the securities of the Company may trade at any time and does not address any legal, tax or regulatory aspects of the Urbn Leaf Merger.

PI Financial was similarly not engaged to review or provide any legal, tax, regulatory or accounting aspects of the Urbn Leaf Merger, and the Opinion does not address such matters. In addition, the Opinion does not address the relative merits of the Urbn Leaf Merger as compared to any other transaction or the prospects or likelihood of any alternative transaction or any other possible transaction involving Harborside or Urbn Leaf and their respective assets or securities. The Opinion represents an impartial expert judgment, not a statement of fact. Nothing contained herein is to be construed as a legal interpretation, an opinion on any contract or document, or a recommendation to invest or divest, or approve or vote in favour of or against any transaction. Subject to the foregoing, PI Financial has conducted such analyses as it considered necessary in the circumstances.

With the permission of the Board of Directors and as is provided for in the Urbn Leaf Engagement Agreement, PI Financial has relied upon the completeness, accuracy and fair presentation of all financial and other information, data, documents, materials, advice, opinions and representations obtained by us, including information provided by the Company in relation to the Company and Urbn Leaf, data, advice, opinions and representations obtained by us from public sources, or provided to us by or on behalf of the Company or any of its affiliates, directors, officers, agents and advisors or otherwise obtained by us pursuant to our engagement (collectively, the "**Information**") and PI Financial has assumed that this Information did not omit to state any material fact or any fact necessary to be stated to make that Information not misleading. The Opinion is conditional upon the completeness, accuracy and fair presentation of such Information including as to the absence of any undisclosed material change. Subject to the exercise of professional judgment and except as expressly described herein, PI Financial has not attempted to independently verify or investigate the completeness, accuracy or fair presentation of any of the Information. We have not met separately with the independent auditors of the Company in connection with preparing this Opinion and with the permission of the Company, we have assumed the accuracy and fair presentation of, and relied upon, the audited financial statements of the Company and the reports of the auditors thereon and the interim unaudited financial statements of the Company.

With respect to any portions of the Information that constitute forecasts, projections, estimates or budgets, we have assumed that such forecasts, projections, estimates or budgets were reasonably prepared on bases reflecting the best currently available assumptions, estimates and judgments of management of the Company having regard to the Company's business, plans, financial condition and prospects are not, in the reasonable belief of management of the Company, misleading in any material respect.

The Company has also represented to us, in a certificate signed by two senior officers of the Company dated the date hereof, among other things, that: (i) the Information provided to us, either orally or in writing, including, without limitation, the written information and discussions concerning the Company referred to above under the heading "Scope of Review", are complete, true and correct at the date the Information was provided to us and is as of the date of the certificate, complete, true and correct in all material respects and did not and does not contain a misrepresentation, (ii) since the dates

on which the Information was provided to us, except as disclosed to us, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of the Company or any of its affiliates, and there has been no change in any material fact or in any material element of any of the Information or any new material fact, any of which is of a nature as to render any portion of the Information untrue or misleading in any material respect or which could reasonably be expected to have a material effect on the Opinion, and (iii) the representations with respect to the Information relating to Urbn Leaf are given solely on the basis of, and are qualified by the terms of, the representations made to the Company by Urbn Leaf in the Urbn Leaf Merger Agreement.

PI Financial has also assumed that the consummation of the Urbn Leaf Merger will be effected in accordance with the terms and conditions of the Urbn Leaf Merger Agreement, without waiver, modification or amendment of any material term, condition or agreement, and that, in the course of obtaining the necessary regulatory or third party consents and approvals (contractual or otherwise) for the Urbn Leaf Merger, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on Harborside with respect to the contemplated benefits of the Urbn Leaf Merger.

The Opinion is rendered on the basis of securities markets, economic, financial and general business conditions prevailing as of the date hereof and the condition and prospects, financial and otherwise, of Harborside and Urbn Leaf and their respective affiliates, as they were reflected in the Information and as they were represented to us in our discussions with management of the Company or its affiliates and advisors.

In its analyses and in preparing the Opinion, PI Financial has made numerous assumptions with respect to expected industry performance, general business, markets and economic conditions, and other matters, many of which are beyond the control of any party involved in the Urbn Leaf Merger.

The Opinion is being provided for the exclusive use of the Board of Directors in considering the Urbn Leaf Merger and may not be published, disclosed to any other person, relied upon by any other person, or used by any other person. Except as contemplated herein, the Opinion is not to be reproduced, disseminated, quoted from or referred to (in whole or in part) without the express prior written consent of PI Financial. Notwithstanding the foregoing, PI Financial hereby consents to the reference to PI Financial and the description of, reference to and reproduction of the Opinion in the Circular (in a form acceptable to us). PI Financial will not be held liable for any losses sustained by any person should the Opinion be circulated, distributed, published, reproduced or used contrary to the provisions of the Opinion.

PI Financial believes that its financial analyses must be considered and reviewed as a whole and that selecting portions of its analyses and the factors considered by it, without considering all the analyses and factors together, could create a misleading view of the process underlying the Opinion. The preparation of a fairness opinion is a complex process and is not necessarily amenable to partial analysis or summary description and any attempt to carry out such partial analysis or summary description could lead to undue emphasis on any particular factor or analysis.

The Opinion is given as of the date hereof and, although we reserve the right to change or withdraw the Opinion if we learn that any of the Information that we relied upon in preparing the Opinion was inaccurate, incomplete or misleading in any material respect, we disclaim any obligation to change or withdraw the Opinion, to advise any person of any change that may come to our attention or to update the Opinion after the date of this Opinion.

APPROACH TO FAIRNESS AND ANALYSIS

PI Financial performed various analyses in connection with rendering the Opinion. In arriving at our conclusion, PI Financial did not attribute any particular weight to any specific approach or

analysis, but rather developed qualitative judgements on the basis of its experience in rendering such Opinion and the information presented as a whole.

Summary of Analysis

In support of this Opinion, PI Financial has performed certain analyses on Harborside, based on those methodologies and assumptions that we considered appropriate in the circumstances for the purposes of providing this Opinion. In the context of this Opinion, we considered, among others, the following methodologies:

iv. net present value approach based upon discounted cash flow analysis;
v. comparable companies approach (as defined below); and
vi. precedent transactions approach (as defined below).

Net Asset Value Approach

The net asset value approach ("**NAV**") considers a set of assumptions to derive future cash flow estimates for Urbn Leaf that can be discounted to estimate a present value for Urbn Leaf, net of obligations and liabilities. In the instance of Urbn Leaf, we forecast future revenue over a 5-year period using a market derived growth rate and then established an estimate of earnings before interest, tax, depreciation and amortisation ("**EBITDA**") as a proxy of cash flow. Thereafter we determined a terminal value using comparable peer group multiples for enterprise value to EBITDA ("**EV/EBITDA**") as a guidance for terminal multiples to establish an exit multiple and terminal value. We then discounted the EBITDA at a discount rate to generate a present value ("**NPV**"). Using the NAV approach required that certain assumptions be made to derive the NPV including, among other things, growth rates for revenue and EBITDA and an appropriate discount rate based on an analysis of the weighted cost of capital of comparable companies. We also considered various sensitivity scenarios around a base case estimate to establish an implied equity value for Urbn Leaf based on the NAV approach.

Comparable Companies Approach

PI Financial reviewed public market trading statistics of comparable US multi-state operators, single-state operators and retail focussed businesses ("**Comparable Companies Approach**"). We principally considered multiples based on enterprise value to revenue ("**EV/Revenue**") and enterprise value to EBITDA ("**EV/EBITDA**"). Estimated financial data for the selected comparable companies was based on publicly available equity research analysts' estimates and public disclosure by the selected companies. We applied a range of selected multiples to the corresponding data for Urbn Leaf to develop an implied equity value for Urbn Leaf based on a range of comparable multiples.

Precedent Transactions Approach

PI Financial reviewed publicly available information on acquisition transactions of comparable US multi-state operators (the "**Precedent Transactions Approach**"). We principally considered these transactions based upon the implied multiples of EV/Revenue and EV/EBITDA. We then applied a range based upon these transactions to the corresponding data of Urbn Leaf to develop an implied equity value for Urbn Leaf based on a range of precedent transaction multiples.

PI Financial also reviewed premiums paid to shareholders in transactions involving the acquisition of public companies, as at the date of announcement of the transaction.

Analysis Conclusions

PI Financial then analyzed the value of the Consideration to be paid to by Harborside based on the Harborside current share price, against implied valuations for Urbn Leaf based on the various valuation methodologies.

PI Financial determined that the Consideration to be paid by Harborside compares favorably against the implied value ranges derived from various comparable peer multiples and precedent transaction multiples within the US multi-state operators universe presented herein. The Consideration to be paid by Harborside also compares favourably to the discounted cash flow value ranges derived from management estimates, observable market data and estimates and PI Financial's internal assumptions.

FAIRNESS OPINION

Based upon and subject to the foregoing and such other matters as we considered relevant, PI Financial Corp. is of the opinion that, as of the date hereof, the Consideration to be paid by Harborside pursuant to the Urbn Leaf Merger is fair, from a financial point of view to Harborside.

Yours very truly,

PI Financial Corp.

PI FINANCIAL CORP.

APPENDIX J
INFORMATION CONCERNING HARBORSIDE

Notice to Reader

The following information provided by Harborside is presented on a pre-Mergers basis (except where otherwise indicated) and reflects the current business, financial and share capital position of Harborside. This information has been provided by Harborside and is the sole responsibility of Harborside and should be read in conjunction with the documents incorporated by reference into this "Appendix J – *Information Concerning Harborside*" and the information concerning Harborside appearing elsewhere in this Circular.

Forward-Looking Statements

Certain statements contained in this "Appendix J – *Information Concerning Harborside*", and in the documents incorporated by reference herein, constitute forward-looking statements within the meaning of applicable Securities Laws. Such forward-looking statements relate to future events or Harborside's future performance. See "*Management Information Circular – Cautionary Statement Regarding Forward-Looking Information*". Readers should also carefully consider the matters and cautionary statements discussed under the heading "*Risk Factors*" in this Circular, under "Appendix J – *Information Concerning Harborside – Risk Factors*" below and the Harborside AIF.

Documents Incorporated by Reference

Information has been incorporated by reference in this Circular from documents filed with securities commissions or similar authorities in the provinces of British Columbia, Alberta and Ontario. Copies of the Harborside documents incorporated herein by reference may be obtained by accessing the disclosure documents available on SEDAR at www.sedar.com. Harborside's filings through SEDAR are not incorporated by reference in this Circular except as specifically set out herein.

The following documents of Harborside are filed with the various securities commissions or similar authorities in each of the provinces of British Columbia, Alberta and Ontario and are specifically incorporated by reference into and form an integral part of this Circular:

(a) the Harborside AIF;

(b) the Harborside Annual Financial Statements;

(c) the Harborside Interim Financial Statements;

(d) the Harborside Annual MD&A;

(e) the Harborside Interim MD&A;

(f) management information circular dated May 14, 2021 relating to the annual meeting of Harborside Shareholders held on June 24, 2021 (the "**Harborside AGM Circular**");

(g) the material change report of Harborside dated December 9, 2021 relating to the execution of the Merger Agreements;

(h) the material change report of Harborside dated December 6, 2021 relating to a non-brokered private placement of units;

(i) the material change report of Harborside dated June 11, 2021 relating to the acquisition of Sublime;

(j) the amended and restated material change report of Harborside dated March 29, 2021 relating to a brokered private placement of units for aggregate gross proceeds of $35,103,045 that was completed on February 18, 2021 (the "**February Offering**");

(k) the material change report of Harborside dated February 25, 2021 relating to the closing of the February Offering; and

(l) the material change report of Harborside dated January 19, 2021, relating to the announcement of the February Offering.

Any documents of the type required by National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus, including any material change reports (excluding confidential reports), comparative interim financial statements, comparative annual financial statements and the auditor's report thereon, management's discussion and analysis of financial condition and results of operations, information circulars, annual information forms, marketing materials and business acquisition reports, and any other document which indicates on the cover page thereof that it is incorporated by reference in this Circular, that is filed by Harborside with Canadian securities regulators on SEDAR at www.sedar.com after the date of this Circular and before the Harborside Meeting are deemed to be incorporated by reference into this Circular.

Any statement contained in this Circular or in any other document incorporated or deemed to be incorporated by reference in this Circular shall be deemed to be modified or superseded to the extent that a statement contained herein or in any other subsequently filed document which is deemed to be incorporated by reference in this Circular modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of this Circular except as so modified or superseded.

Non-IFRS Measures

Certain non-IFRS financial performance measures are included in this "Appendix J – *Information Concerning Harborside*" or in certain documents incorporated by reference herein, including "Adjusted EBITDA", "Adjusted Gross Profit" and "Adjusted Gross Margin". Harborside believes that these measures, in addition to information prepared in accordance with IFRS, provide investors with useful information to assist in their evaluation of Harborside's performance and ability to generate cash flow from its operations. Accordingly, these measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

For more information, see "*Non-IFRS Financial Performance Measures*" in the Circular and the Harborside AIF, the Harborside Annual MD&A and the Harborside Interim MD&A, each of which is incorporated herein by reference.

Overview

Harborside, through its affiliated entities, is licensed to cultivate, manufacture, distribute and sell wholesale and retail cannabis and cannabis products for the adult-use and medical markets. Harborside operates in and/or has ownership interests in California and Oregon, pursuant to state and local laws and regulations, and is focused on building and maintaining its position as one of California's premier vertically integrated cannabis companies. Over the past 15 years, Harborside has played an instrumental role in making cannabis safe and accessible to a broad and diverse community of California consumers.

Harborside was originally incorporated on June 3, 1997 as "Starbright Venture Capital Inc." under the laws of the Province of Alberta pursuant to the ABCA. On July 11, 2001, the Corporation amalgamated with The Grasslands Entertainment Group Inc. to form "Grasslands Entertainment Inc." On December 19, 2011, the Corporation filed articles of amendment under the ABCA to consolidate its common

shares on a five for one basis. On December 20, 2011, the Corporation completed a reverse takeover transaction with Lakeside Minerals Corp., filed articles of continuance to continue from the Province of Alberta into the Province of Ontario and filed articles of amendment to change its name to "Lakeside Minerals Inc." On June 13, 2014, the Corporation filed articles of amendment to consolidate its common shares on a four for one basis. On November 8, 2016, the Corporation filed articles of amendment under the OBCA to complete a further consolidation of its common shares on a three for one basis. On July 25, 2017, the Corporation filed articles of amendment to change its name to "Lineage Grow Company Ltd." On May 30, 2019, the Corporation completed the RTO with FLRish, In connection with the RTO, on May 24, 2019, the Corporation filed articles of amendment to: (i) complete a further consolidation of its common shares at a ratio of approximately 41.818182 to one, (ii) reclassify its common shares on a post-consolidation basis as Subordinate Voting Shares, (iii) create a new class of Multiple Voting Shares; and (iv) change its name to "Harborside Inc."

The Corporation's registered office is located at 181 Bay Street, Suite 1800, Toronto, Ontario, M5J 2T9, Canada. The Corporation's head office is located at 2100 Embarcadero, Suite 202, Oakland, California, 94606. Harborside is a reporting issuer in British Columbia, Alberta and Ontario. The Subordinate Voting Shares are listed on the CSE under the trading symbol "HBOR" and on the OTCQX under the trading symbol "HBORF".

For further information regarding Harborside, refer to its filings with the securities commission or similar regulatory authority in Canada which may be obtained through SEDAR at www.sedar.com.

Recent Developments

On December 30, 2021, Michael Dacks resigned from the Harborside Board.

Description of Share Capital

Harborside's authorized share capital consist of an unlimited number of Subordinate Voting Shares and an unlimited number of Multiple Voting Shares. As at the Record Date, Harborside had issued and outstanding: (a) 39,525,407 Subordinate Voting Shares, representing approximately 48% of the voting rights attached to the outstanding voting securities of Harborside, and (b) 425,970.73 Multiple Voting Shares, representing approximately 52% of the voting rights attached to the outstanding voting securities of Harborside

For a description of the material attributes and characteristics of the Subordinate Voting Shares and Multiple Voting Shares, see "*General Proxy Information – Voting Securities and Principal Harborside Shareholders*" in the Circular.

Trading Price and Volume

The following tables set forth information relating to the monthly trading of the Subordinate Voting Shares on the CSE for the 12-month period prior to the date of this Circular.

	Trading of Subordinate Voting Shares on the CSE		
	High (C$)	**Low (C$)**	**Monthly Volume (millions)**
2022			
January 1 to January 17	0.54	0.48	0.45
2021			
December	0.48	0.45	3.46
November	0.84	0.67	1.44
October	0.99	0.94	1.17
September	1.06	1.02	1.21
August	1.14	1.06	1.88
July	1.53	1.44	2.04
June	1.92	1.79	1.43
May	2.37	2.35	1.34
April	2.21	2.08	0.69
March	2.41	2.34	2.44
February	2.57	2.45	3.65
January	2.59	2.34	1.55

Prior Sales

The following table sets forth information in respect of issuances of Harborside Shares and securities that are convertible or exchangeable into Subordinate Voting Shares and/or Multiple Voting Shares during the 12-month period prior to the date of this Circular (not including conversions of Multiple Voting Shares).

Date of Issuance	**Number and Type of Security**	**Price per Subordinate Voting Share and/or Multiple Voting Share or Exercise Price per Option**	**Reason for Issuance**
January 27, 2021	1,600.00 Multiple Voting Shares	N/A	Settlement of contingent stock grant
February 9, 2021	10,000 Subordinate Voting Shares	US$0.05	Exercise of options
February 18, 2021	5,806,700 Subordinate Voting Shares	C$2.55	Issued in connection with the February Offering
February 18, 2021	5,806,700 warrants to purchase Subordinate Voting Shares[(1)]	C$3.69	Issued in connection with the February Offering
February 18, 2021	79,592.00 Multiple Voting Shares	C$255.00	Issued in connection with the February Offering
February 18, 2021	79,592.00 warrants to purchase Multiple Voting Shares[(2)]	C$369.00	Issued in connection with the February Offering
February 18, 2021	569,154 broker warrants[(3)]	C$2.55	Issued in connection with the February Offering
February 24, 2021	125,000 Subordinate Voting Shares	US$0.05	Exercise of options

Date of Issuance	Number and Type of Security	Price per Subordinate Voting Share and/or Multiple Voting Share or Exercise Price per Option	Reason for Issuance
March 15, 2021	32,500 Subordinate Voting Shares	US$0.05	Exercise of options
March 29, 2021	170,000 Subordinate Voting Shares	US$0.05	Exercise of options
May 3, 2021	105,475 Subordinate Voting Shares	US$0.05	Exercise of options
May 4, 2021	16,425 Subordinate Voting Shares	US$0.05	Exercise of options
May 18, 2021	10,512 Subordinate Voting Shares	US$0.05	Exercise of options
June 1, 2021	265,000 Subordinate Voting Shares	US$0.05	Exercise of options
June 7, 2021	2,628 Subordinate Voting Shares	US$0.05	Exercise of options
June 11, 2021	684,985 options to purchase Subordinate Voting Shares	C$2.21	Grant of options
June 15, 2021	106,437Subordinate Voting Shares	US$0.05	Exercise of options
June 15, 2021	175,000 Subordinate Voting Shares	C$0.95	Exercise of options
June 28, 2021	12,900 Subordinate Voting Shares	US$0.05	Exercise of options
June 30, 2021	131,250 Subordinate Voting Shares	US$0.055	Exercise of options
July 2, 2021	207,579.66 Multiple Voting Shares[(4)]	US$184.75	Issued in connection with the acquisition of Sublime
July 2, 2021	536,875 options to purchase Subordinate Voting Shares	C$1.78	Grant of options
July 2, 2021	4,927 Subordinate Voting Shares	US$0.05	Exercise of options
July 28, 2021	36,135 Subordinate Voting Shares	$0.05	Exercise of options
July 30, 2021	438 Subordinate Voting Shares	$0.05	Exercise of options
August 17, 2021	3,125 Subordinate Voting Shares	US$0.05	Exercise of options
September 2, 2021	15,793.40 Multiple Voting Shares[(5)]	C$122.09	Issued in connection with the acquisition of Accucanna

Date of Issuance	Number and Type of Security	Price per Subordinate Voting Share and/or Multiple Voting Share or Exercise Price per Option	Reason for Issuance
November 4, 2021	53,095 Subordinate Voting Shares	US$0.05	Exercise of options
November 22, 2021	1,927 Subordinate Voting Shares	US$0.05	Exercise of options
November 23, 2021	20,000 Subordinate Voting Shares	US$0.05	Exercise of options
January 11, 2022	11,289.57 Multiple Voting Shares	US$184.75	Issued in connection with net working capital adjustments for the acquisition of Sublime

Notes:

(1) Each warrant ("**SVS Warrant**") is exercisable to purchase one Subordinate Voting Share for a period of 36 months following closing of the February Offering at an exercise price of C$3.69 per Subordinate Voting Share, subject to adjustment and acceleration in certain events. See "*General Development of the Business – Recent Developments – February 2021 Private Placement*" in the Harborside AIF, which is incorporated by reference herein.

(2) Each warrant is exercisable to purchase one Multiple Voting Share for a period of 36 months following closing of the February Offering at an exercise price of C$369 per Multiple Voting Share, subject to adjustment and acceleration in certain events. See "General Development of the Business – Recent Developments – February 2021 Private Placement" in the Harborside AIF, which is incorporated by reference herein.

(3) Each broker warrant is exercisable to purchase one Subordinate Voting Share and one SVS Warrant until February 18, 2022 at an exercise price of C$2.55. See "General Development of the Business – Recent Developments – February 2021 Private Placement" in the Harborside AIF, which is incorporated by reference herein.

(4) See "General Development of the Business – Recent Developments – Sublime Acquisition" in the Harborside AIF, which is incorporated by reference herein.

(5) See "General Development of the Business – Recent Developments – DHS Acquisition" in the Harborside AIF, which is incorporated by reference herein.

Consolidated Capitalization of Harborside

There has not been any material change to Harborside's share and loan capital, on a consolidated basis, since September 30, 2021, the date of Harborside's most recently filed consolidated financial statements. See the Harborside Interim Financial Statements and the Harborside Interim MD&A, which are incorporated by reference in this Circular, for additional information with respect to Harborside's consolidated capitalization.

Dividend Policy and History

There are no restrictions on the ability of Harborside to declare and pay dividends on the Harborside Shares, provided that (i) no dividend will be declared or paid on the Subordinate Voting Shares unless Harborside simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Subordinate Voting Share basis) on the Multiple Voting Shares, and (ii) no dividend will be declared or paid on the Multiple Voting Shares unless Harborside simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Subordinate Voting Share basis) on the Subordinate Voting Shares and Multiple Voting Shares.

It is contemplated by Harborside that it will reinvest all future earnings to finance the development and growth of its business. As a result, it is not contemplated that dividends will be paid on the Subordinate Voting Shares in the foreseeable future. Any future determination to pay distributions will be at the discretion of Harborside's Board and will be made in accordance with applicable law and will depend on the financial condition, business environment, operating results, capital requirements, any

contractual restrictions on the payment of distributions and any other factors that Harborside's Board deems relevant.

Interest of Informed Persons in Material Transactions

Other than as set forth under "*Other Information – Interests of Certain Persons in Matters to be Acted Upon*" in this Circular, there were no material interests, direct or indirect, of Harborside's directors or executive officers, or any director or executive officer of a Subsidiary of Harborside or any Person who beneficially owns, or controls or directs, directly or indirectly, more than 10% of the issued and outstanding Subordinate Voting Shares or Multiple Voting Shares, or any associate or affiliate of such Persons, in any transaction since the commencement of Harborside's last completed financial year or in any proposed transaction which has materially affected, or would materially affect, Harborside or any of its Subsidiaries.

Material Contracts

Except as otherwise disclosed in this Circular and as discussed in the Harborside AIF, during the 12 months prior to the date of this Circular, Harborside has not entered into any contracts, nor are there any contracts still in effect, that are material to Harborside or any of its Subsidiaries, other than contracts entered into in the ordinary course of business. See "*Material Contracts*" in the Harborside AIF, which is incorporated by reference in this Circular.

Auditor, Transfer Agent and Registrar

Harborside's current auditor is Armanino LLP.

Harborside's registrar and transfer agent is Odyssey Trust Company located in Toronto, Ontario.

Risk Factors

An investment in the securities of Harborside and the completion of the Mergers are subject to certain risks. In addition to considering the other information in this Circular, including the risk factors relating to the Mergers and the Combined Company set forth under "*Risk Factors*" in this Circular, readers should carefully consider the risk factors described in the Harborside AIF as well as the Harborside Annual MD&A and Harborside Interim MD&A, each of which is incorporated by reference in this Circular. If any of the identified risks were to materialize, Harborside's business, financial position, results and/or future operations may be materially affected. The risk factors identified in this Circular and the documents incorporated by reference are not exhaustive and other factors may arise in the future that are currently not foreseen by management of Harborside that may present additional risks in the future.

Interests of Experts

PI Financial Corp is named as having prepared or certified a report, statement or opinion in this Circular, specifically their fairness opinions. See "*The Mergers – PI Financial Fairness Opinions*", "Appendix H – *PI Financial Loudpack Fairness Opinion*" and "Appendix I – *PI Financial Urbn Leaf Fairness Opinion*". To the knowledge of Harborside, neither PI Financial and its respective advisors, directors, officers, employees and partners or its associates or affiliates, beneficially owns, directly or indirectly, 1% or more of the outstanding securities of Harborside or any associate or affiliate of Harborside, has received or will receive any direct or indirect interests in the property of Harborside or any of its associates or affiliates, or is expected to be elected, appointed or employed as a director, officer or employee of Harborside or any associate or affiliate thereof.

Armanino LLP is the current auditor of Harborside and has confirmed that they are independent of Harborside within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations. Armanino LLP was appointed auditor of Harborside effective October 27, 2021.

MNP LLP was the auditor of Harborside during the year ended December 31, 2020 and has confirmed that they were independent with respect of Harborside within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations. The Harborside Annual Financial Statements, incorporated by reference in this Circular, were audited by MNP LLP.

Additional Information

Additional information relating to Harborside is available under Harborside's issuer profile on SEDAR at www.sedar.com. Financial information concerning Harborside is provided in the Harborside Annual Financial Statements and the Harborside Annual MD&A, and the Harborside Interim Financial Statements and Harborside Interim MD&A, which can be accessed on SEDAR at www.sedar.com. The information contained on, or accessible through, this website is not incorporated by reference into this Circular and is not, and should not be considered to be, a part of this Circular unless it is explicitly so incorporated. See "*Documents Incorporated by Reference*" above.

APPENDIX K
INFORMATION CONCERNING LOUDPACK

Notice to Reader

The following information provided by Loudpack is presented on a pre-Mergers basis (except where otherwise indicated) and reflects the current business, financial and share capital position of Loudpack. Unless the context otherwise requires, all capitalized terms used but not defined in this "Appendix K – *Information Concerning Loudpack*" will have the meanings set forth the Circular.

Cautionary Note Regarding Forward-Looking Statements

The following section of this Circular contains "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking statements or information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Loudpack 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 section of the Circular. Examples of such statements include statements with respect to the timing and outcome of the Loudpack Merger, the ability to negotiate any necessary extensions in relation to Loudpack's loans or otherwise, the ability to negotiate and enter into new loan agreements, the use of proceeds of any debt or equity securities, the ability of Loudpack to reduce its account balances and retire obligations to related parties, the ability to complete a private placement, amendment to the terms of Loudpack's outstanding securities, the ability to settle outstanding debt, including deferred board compensation, the strategic plans of Loudpack to grow and expand its business and operations, anticipated operating costs, Loudpack's intention to expand its product offerings, Loudpack's organic growth plan and strategy, Loudpack's continuity and ability to use its licenses, included Smokiez branded products in California, and the makeup of Loudpack's revenue. 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: Loudpack's ability to attract and maintain key personnel; Loudpack's ability to increase production capacity; Loudpack's ability to access the raw materials needed to produce its brands; the illegality of cannabis under United States federal law; Loudpack's ability to comply with state and federal regulations; the uncertainty regarding enforcement of cannabis laws; the effect of restricted access to banking and other financial services; the effect of constraints on marketing and risks related to Loudpack's products; the effect of unfavorable tax treatment for cannabis businesses; the effect of security risks; the effect of infringement or misappropriation claims by third parties; Loudpack's ability to comply with potential future United States Food and Drug Administration regulations; Loudpack's ability to enforce its contracts; the effect of unfavorable publicity or consumer perception regarding cannabis; the effect of risks related to material acquisitions, dispositions and other strategic transactions; the effect of agricultural and environmental risks; the effect of risks related to information technology systems; the effect of product liability claims and other litigation to which Loudpack may be subjected; the effect of risks related to the results of future clinical research; the effect of intense competition in the cannabis industry; the effect of outbreaks of pandemic diseases, fear of such outbreaks or economic disturbances due to such outbreaks, particularly the impact of the COVID-19 illness; and the effect of general economic risks, such as the unemployment level, interest rates and inflation, and challenging global economic conditions. In respect of the forward-looking statements and information contained in this section of the Circular, Loudpack has provided such statements and information in reliance on certain assumptions that Loudpack believes are reasonable at this time. Although Loudpack believes that the assumptions and factors used in preparing the forward-looking information or forward-looking statements in this section of the Circular 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 section of the Circular are made as of the date hereof and Loudpack does not undertake any obligation to publicly update such forward-looking information or forward-looking information to reflect new information, subsequent events or otherwise unless required by applicable securities laws.

Trademarks and Trade Names

Loudpack uses various trademarks, trade names and design marks in its business. This "Appendix K – *Information Concerning Loudpack*" may also contain trademarks and trade names of other businesses that are the property of their respective holders. Loudpack does not intend for its use or display of other companies' trademarks and trade names to imply a relationship with, or endorsement or sponsorship of it by, those other companies.

CORPORATE STRUCTURE

Name, Address and Incorporation

Loudpack is a corporation existing under the laws of the State of Delaware. Loudpack was formed under the laws of the State of California as a limited liability company on August 2, 2016 and was converted to a Delaware corporation as of July 30, 2021, in accordance with the California Uniform Revised Limited Liability Company Act and the DGCL. The office of Loudpack's registered agent in Delaware is 251 Little Falls Drive, Wilmington, DE 19808. Loudpack's principal corporate offices are located at 2300 S. Sepulveda Boulevard, Los Angeles, CA 90064.

All references in this Circular to Loudpack also include references to all of its subsidiaries, unless the context requires otherwise.

Intercorporate Relationships

The following table sets out, as at the date of this Circular, Loudpack's material subsidiaries, the percentage of voting securities of each that are held by Loudpack, and their respective jurisdiction of incorporation, continuance, formation, or organization.

Name	Type of Entity	Jurisdiction	Percentage of Securities held by Loudpack
Greenfield Organix	Corporation	California	100% (wholly owned)
Greenfield Prop Owner, LLC	Limited Liability Company	Delaware	100% (wholly owned)
Greenfield Prop Owner II, LLC	Limited Liability Company	Delaware	100% (wholly owned)

DESCRIPTION OF THE BUSINESS

Overview

Loudpack, headquartered in Los Angeles, California, is a cannabis brands company with a cultivation, manufacturing, processing, and distribution footprint in California. Loudpack began operations in 2018 and its business focuses primarily on the creation, production, and distribution of branded cannabis products. Loudpack sells and distributes its products to licensed cannabis retailers in California.

Loudpack has two primary revenue generating categories: branded and bulk. Branded revenue is derived from the wholesale distribution of Loudpack's branded products to licensed retailers statewide in California, and bulk revenue is derived from the sale of cannabis raw materials and unfinished goods to manufacturers and processors in California. In 2019 and 2020, branded revenue accounted for 54% and 73% of total revenue, respectively, and, bulk revenue accounted for 37% and 21% of total revenue,

respectively. In the first three quarters of 2021, branded revenue accounted for 81% of total revenue and bulk revenue accounted for 15% of total revenue. Loudpack expects that revenue splits will continue to weigh more heavily towards branded revenue rather than bulk revenue, consistent with the historical trend.

Loudpack produces and distributes four cannabis brands:

Brand	Nature of Control	Products
Loudpack	Wholly owned	• Packaged flower • Pre-rolled joints • Vape pens • Concentrates
Kingpen	Wholly owned	• Vape pens • Pre-rolled joints
Dimebag	Wholly owned	• Packaged flower • Pre-rolled joints • Vape pens • Concentrates • Edibles
Smokiez	Exclusive license to produce and distribute in California pursuant to the Smokiez License Agreement	• Edibles

Production

Loudpack produces its products at its wholly owned purpose-built facility in Greenfield, California (the "**Greenfield Facility**"), which can produce approximately 7,000 pounds of dry trimmed flower per year. Loudpack operates 30,000 square feet of light deprivation greenhouse cultivation and 45,000 square feet of manufacturing, processing, and distribution at the Greenfield Facility. Loudpack is capable of manufacturing and processing all of the products it offers out of the Greenfield Facility.

Loudpack has focused on the automation of its processes by investing in new equipment. As a result, it has been able to reduce certain costs of goods sold and increase capacity at the Greenfield Facility.

The Greenfield Facility initially had approximately 80,000 square feet of greenhouse cultivation, however a fire in Q3 2018 destroyed 50,000 square feet, leaving the 30,000 square feet that exists today. Loudpack chose not to rebuild the destroyed area because of its ability to source raw materials from third parties (as described herein) and instead used proceeds from insurance to decrease the principal balance of the senior mortgage on the Greenfield Facility and invest in working capital.

Loudpack is permitted to develop approximately 60,000 square feet of additional cultivation, manufacturing, processing, distribution, and dispensary area at the Greenfield Facility. Loudpack owns undeveloped land within one mile of the facility where it is locally permitted to develop approximately 400,000 square feet of cultivation, manufacturing, processing, and distribution area. Loudpack does not intend on developing this land in the immediate future nor any specified timeline.

Specialized Skill and Knowledge

Loudpack's business requires specialized knowledge and technical skill around cannabis cultivation, manufacturing, processing, and distribution as well as its sales, marketing and distribution professionals. Certain specialized knowledge and technical skills include, but are not limited to:

- agricultural techniques such as growing medium, environmental controls, strain selection and light exposure;
- flower processing techniques such as drying, freezing, trimming, and sorting of harvested material; and

- the production of concentrated products using extraction, distillation, and terpene formulation.

The sales and marketing of Loudpack's branded products is managed internally out of the Los Angeles office. There are 23 sales professionals and five marketing professionals at Loudpack. The sales team consists of territorial field reps, account managers, and management. The distribution of Loudpack's branded products is managed internally out of the Greenfield Facility. There are 34 distribution professionals operating a fleet of 18 vehicles. Loudpack's sales and distribution operations geographically reach the entire state of California. As a result, Loudpack's branded products are available in a vast majority of California's operating licensed cannabis retailers.

Competitive Conditions

Loudpack operates in a highly competitive and fragmented market. Both branded and bulk revenue operations are subject to substantial competition. With limited barriers to entry to create a cannabis brand in California there are a substantial number of competitors with few ways of differentiating their products. As a result, there are over 1,000 cannabis brands in California. There are also a large number of cannabis cultivators and suppliers throughout the state.

Loudpack has been able to remain competitive because of its (a) scale; (b) consistency and quality of products; (c) ability to supply retails with various brands and products, allowing the retailer to consolidate their sourcing; (d) ability to remain current on consumer trends; and (e) customer service.

Components

While the Greenfield Facility can produce approximately 7,000 pounds of dry trimmed flower per year, Loudpack's brands require substantially more raw materials. Historically, Loudpack has purchased substantially more raw materials from third parties than it produces internally. These raw materials include, but are not limited to, dry trimmed flower, bucked and untrimmed flower, whole-plant/fresh-frozen, and trim. Loudpack has had adequate access to raw materials because it works with a large network of licensed farms throughout California.

In January 2019, Loudpack purchased 100% of the equity in Humboldt Partner Group Inc. as well as intellectual property and real estate assets from certain entities affiliated with Humboldt Partner Group Inc. (collectively, "**Altum Mind**") in exchange for approximately 4.76% of the outstanding equity in Loudpack and the assumption of certain indebtedness. Altum Mind was a cannabis raw materials brokerage that developed purchasing relationships with a large network of farms in northern California and selling relationships with finished goods producers such as Loudpack and its competitors. Loudpack purchased Altum Mind to improve its buying power, ensure access to the raw materials needed to produce its brands, and to establish a bulk sales business whereby Loudpack would begin selling raw materials in excess of its brands' internal needs to third parties. Since acquiring Altum Mind, Loudpack has diversified its purchasing from primarily northern California to also include farms in central and southern California as those markets have developed.

The price of raw materials has fluctuated greatly seasonally and from year to year. This has been a factor of (a) the number of licensed operating farms in California; (b) the large amount of product that comes to market in the fourth quarter of every year from the annual outdoor harvests; and (c) environmental conditions such as rain, temperature, and wildfires. Loudpack has entered into supply agreements from time to time, which have proven unreliable, and as a result, generally relies on spot purchases. Loudpack experienced a decrease in cost of third-party raw materials in 2021 from 2020.

Because of the difficulty in predicting the market price for raw materials and the high price of raw materials in 2020, Loudpack sought to expand its internal production capabilities by leasing approximately 95,000 square feet of additional greenhouse cultivation area in Q4 2020. However, operating costs at this asset were substantially higher than expected and the cost of third-party raw materials decreased in 2021. As a result, Loudpack elected to not renew the lease after the first anniversary and no longer operates this asset.

The fluctuation in price for raw materials has historically been a risk to Loudpack's business, however, Loudpack does not expect to need to source substantial amounts of raw materials from third parties following the closing of the Loudpack Merger.

Loudpack purchases hardware and packaging from multiple suppliers both domestically and internationally. Management does not believe Loudpack is overly reliant on any single supplier, such that a disruption with any single supplier would cause a material risk for the business.

Intangible Properties

Loudpack owns and maintains the United States trademarks and various international trademarks for its three wholly owned brands, being Loudpack, Kingpen and Dimebag. These trademarks are of substantial value to Loudpack as it develops brand equity, recognition and consumer loyalty.

Loudpack also relies upon its licensing and sales agreement to produce and distribute Smokiez in California. Greenfield Organix is party to a licensing and sales agreement with ACS, LLC dated November 1, 2019 (the "**Smokiez License Agreement**"), pursuant to which Greenfield Organix was granted the right to certain licensed trademarks, making it the exclusive producer and distributor of "Smokiez" branded cannabis products in California in consideration for fees based on sales.

In 2019 and 2020, revenue derived from Loudpack's Smokiez branded products accounted for 19% and 29% of Loudpack's branded revenue, respectively. In the first three quarters of 2021, revenue derived from Loudpack's Smokiez branded products accounted for 25% of branded revenue. Pursuant to the terms of the Smokiez License Agreement and the positive relationship between its members, Loudpack does not consider there to be a likely risk that its right to produce and distribute Smokiez branded products in California will be terminated or forfeited.

Employees

Loudpack had an average of 260 employees from January 1, 2021 to September 30, 2021.

Foreign Operations

Loudpack conducts business exclusively in the United States.

SELECTED FINANCIAL INFORMATION

Selected Financial Information

Selected financial information of Loudpack for the years ended December 31, 2020 and 2019 is set forth below. The financial information below has been prepared in accordance with IFRS. This section should be read in conjunction with the information contained in Loudpack's audited consolidated financial statements and related notes for the year ended December 31, 2020, included in "Appendix O – *Loudpack Audited Annual Financing Statements*" attached to this Circular.

	Years Ended December 31,	
(U.S. dollars in thousands)	**2020**	**2019**
Revenue	78,216	65,507
Net Loss	(20,276)	(30,324)
Total Assets (as at)	112,485	120,403
Total Long-Term Liabilities (as at)	96,499	31,549

Revenue increases in the year ended December 31, 2020 as compared to the year ended December 31, 2019 were driven by 60% growth in branded sales year over year and offset by a 32% decrease in bulk sales during the same period, which was in line with Loudpack's strategy to focus on branded sales.

Net Loss decreased in the year ended December 31, 2020 as compared to the year ended December 31, 2019 as a result of substantial increases in gross profit (both nominally and as a percentage of sales) and substantial decreases in operating expenses (both nominally and as a percentage of sales). Furthermore, Net Loss for Loudpack was influenced by other losses of $15.5 million in 2020 and other income of $2.6 million in 2019. Other losses in 2020 were driven by restructuring fees of $4.1 million and impairments of intangibles and assets totaling $7.2 million, and without these events and adjustments, Net Loss would have been $8.9 million. Other income in 2019 was driven by a $9.8 million gain associated with an insurance claim, and without this non-recurring gain, Net Loss would have been $40.1 million. Interest expense remained substantially unchanged at approximately $8.3 million.

The decrease in Loudpack's asset base from December 31, 2019 was driven by a $5.23 million impairment of intangible assets.

The increase in outstanding long-term liabilities from December 31, 2019 was primarily due to the restructuring of Loudpack's convertible debentures and other indebtedness that was previously held in current liabilities. In November 2020, Loudpack underwent a restructuring of its unsecured convertible debentures whereby principal and interest totaling $59.7 million converted into principal under a new agreement along with $7.2 million of other secured indebtedness. Following the restructuring and prior to December 31, 2020, Loudpack raised $3,250,000 of additional cash under the new agreement. This increase in long-term liabilities was partially offset by a $5.25 million decrease in Loudpack's excise and cultivation tax liability.

CONSOLIDATED CAPITALIZATION

Consolidated Capitalization of Loudpack

Other than as disclosed in this Circular, there has not been any material change to Loudpack's share or loan capital since September 30, 2021, the date of Loudpack's most recent financial statements. See the Loudpack Interim Financial Statements, which are incorporated by reference in the Circular as "Appendix O – *Loudpack Unaudited Interim Financial Statements*" for additional information with respect to Loudpack's consolidated capitalization.

Share Capital

The authorized share capital of Loudpack consists of 1,500,000 shares of Loudpack Common Stock. As of the date of this Circular, 1,000,000 shares of Loudpack Common Stock are issued and outstanding. In addition, as of the date of this Circular, there are 500,000 shares of Loudpack Common Stock reserved for issuance under certain of Loudpack's convertible indebtedness, all of which are subject to the Support Agreement (as defined below) and will be converted into or exchanged for equity securities of Sub I and Sub II (as defined below) prior to the completion of the Loudpack Merger.

As of July 30, 2021, Loudpack was converted from a California limited liability company into a Delaware corporation. Pursuant to the conversion, the prior members of Loudpack assigned 100% of their membership interest in Loudpack to the Sole Stockholder in exchange for membership interests in the Sole Stockholder. As of the date of this Circular, all of the issued and outstanding shares of Loudpack Common Stock are owned by the Sole Stockholder.

In connection with the proposed Loudpack Merger, various stakeholders of Loudpack have entered into the Loudpack Support Agreement agreeing to, *inter alia*, support an amendment of the terms of the Loudpack Debentures to (a) reflect the issuance of the Carryover Notes to evidence the aggregate US$25,000,000 principal amount of Loudpack Debentures that will remain outstanding on the Loudpack Closing Date; and (b) cause the balance of the Loudpack Debentures to convert into or be exchanged for equity of Sub I and Sub II, which will entitle the holders thereof to receive distributions of Loudpack Equity Consideration in accordance with their respective limited liability company operating agreements.

Prior to the effectiveness of such amendment, it is expected that the following transactions will take place to alter the current ownership structure of Loudpack (the "**Loudpack Restructuring**"): (a) the Sole Stockholder will contribute 50% of the Loudpack Common Stock held by it to a yet-to-be-formed wholly-owned Delaware limited liability company ("**Sub I**"); (b) the Sole Stockholder will contribute the remaining 50% of the Loudpack Common Stock held by the Sole Stockholder to another yet-to-be-formed wholly-owned Delaware limited liability company ("**Holdco II**"); (c) Holdco II will contribute such Loudpack Common Stock to another yet-to-be-formed wholly-owned Delaware limited liability company ("**Sub II**"); and (d) the membership interests in Holdco II will be distributed to the members of the Sole Stockholder, so that the Sole Stockholder and Holdco II have the same ownership structure as one another. On or prior to the consummation of the Loudpack Merger, the Loudpack Debentures (other than the Loudpack Debentures that will be evidenced by the Carryover Notes) will be converted into or exchanged for equity securities of Sub I and Sub II. On the consummation of the Loudpack Merger, each of Sub I and Sub II will receive 50% of the Subordinate Voting Shares to be issued as Loudpack Equity Consideration.

The respective limited liability company operating agreements of the Sole Stockholder, Holdco II, Sub I and Sub II will entitle their respective members immediately prior to the completion of the Loudpack Merger (collectively, the "**Loudpack Recipients**") to receive such number of Subordinate Voting Shares as determined from time-to-time in accordance with the terms set forth therein, referred to as "allocations". For the avoidance of doubt, the Loudpack Recipients will include, without limitation, the Voting Members, the Loudpack Debentureholders (other than the Loudpack Debentureholders that will hold the Carryover Notes), holders of restricted units issued pursuant to the Sole Stockholder's long term incentive plan, and certain other interests issued in connection with the issuance or retirement of debt at the time of the Loudpack Restructuring. Loudpack Recipients that have been "allocated" Subordinate Voting Shares shall be entitled by the terms of such operating agreements to direct the votes (if any) in respect thereof; provided, however, that the Subordinate Voting Shares allocated by Sub I and Sub II to the Sole Stockholder and Holdco II (and not otherwise allocated) shall be voted 50% by each of the Voting Members. In the event that a vote of the holders of Subordinate Voting Shares is called prior to the allocation of all such Subordinate Voting Shares held by Sub I and Sub II, the Loudpack Recipients shall be entitled to direct the votes as determined by a "deemed allocation". Although Sub I and Sub II will have the same beneficial owners, the companies will be managed by different boards of managers.

Loan Capital

The following table sets out Loudpack's material debt outstanding as of the date of this Circular, including the lender and amount thereof, any changes to the debt since September 30, 2021, the date of Loudpack's most recent financial statements, and any expected changes to such debt at or prior to closing of the Loudpack Merger.

Lender	Amount[(1)]	Changes since September30, 2021 reviewed financial statements	Expected changes prior to or at closing
Lender of the 2017 Loan (the "**2017 Lender**")	US$11,499,910	None	On October 24, 2017, GPO and GPO II both subsidiaries of Loudpack (the "**2017 Borrowers**"), entered into that certain loan agreement (the "**2017 Loan Agreement**"), with the 2017 Lender, as lender, and certain other trustees and affiliates of the foregoing. Loudpack plans to retire the amount owing to the 2017 Lender (the "**2017 Loan**") prior to the closing of the Loudpack Merger using proceeds from the loan being provided by Pelorus as described elsewhere herein.
Holders of Loudpack Debentures	US$119,842,000 (comprised of $84,096,221 of	Loudpack has issued $3,200,000 of additional Loudpack Debentures upon which interest has	Loudpack currently has outstanding Subordinated Debentures and Senior Debentures. Loudpack is in the process of issuing up to US$6.8 million of additional

	principal and accrued interest, and $35,745,779 of changes in fair value	continued to accrue at a rate of 15.0% per annum from the date of issuance.	Senior Debentures for the primary purpose of facilitating the Payables Reduction. Upon closing of the Loudpack Merger, US$18,500,000 of principal and accrued and unpaid interest of Senior Debentures will remain outstanding under restructured terms (referred to as "**Senior Carryover Notes**") and US$6,500,000 of Subordinated Debentures will remain outstanding under restructured terms (referred to as "**Junior Carryover Notes**"). The balance of the Loudpack Debentures will convert into or be exchanged for equity of Sub I and Sub II, which will entitle such former holders to receive distributions of Loudpack Equity Consideration in accordance with the operating agreements of Sub I and Sub II. In order to accomplish the various changes to the Loudpack Debentures holders of at least two-thirds of the outstanding principal amount of Loudpack Debentures will be required to vote in favor of such changes; in connection with the proposed Loudpack Merger, Loudpack Debentureholders owning more than this amount agreed to support the changes referred to above pursuant to the Support Agreement.
California Department of Tax and Fee Administration (the "**CDTFA**")	US$27,602,733	Loudpack has made payments in the amount of US$150,000 per week pursuant to its payment plan with the CDTFA, and interest has continued to accrue on the outstanding balance at a rate of 6.0% per annum.	Loudpack currently has US$13,523,822 outstanding in aggregate principal and US$14,078,911 in aggregate penalties and accrued interest due to the CDTFA. Loudpack has previously been successful in obtaining waivers for the forgiveness of penalties in the amount of US$3,657,547 from the CDTFA and intends to continue to apply for waivers for the forgiveness of penalties due as it becomes eligible to do so, however, makes no representation that such waivers will be granted.

Note:

(1) Figures based on September 30, 2021 reviewed financial statements.

In addition to the foregoing, Loudpack also has an aggregate of US$6,368,642 in debt outstanding from multiple lenders (accrued interest and amortization have caused non-material changes since the September 30, 2021 reviewed financial statements) from the most recently completed financial period, none of which loans alone are material, and US$5,110,560 of which Loudpack intends to settle prior to or at completion of the Loudpack Merger such that they are no longer obligations of Loudpack. Approximately US$3.3 million of this indebtedness consists of obligations to GWC Holdings, LLC, which will be converted into a new class of membership interests of the Sole Stockholder and Holdoco II as part of the Loudpack Restrucuring. These membership interests will entitle the holders thereof to receive a distribution of Subordinate Voting Shares equal to such amount of debt surrendered. A portion of these membership interests will be beneficially owned by Adam Bregman, a director of the Sole Stockholder.

Loudpack anticipates closing a loan with Pelorus prior to the closing of the Loudpack Merger. Details of the loan are described in "Appendix L – *Information Concerning Urbn Leaf*".

Loudpack intends to use the proposed loan from Pelorus to retire the 2017 Loan prior to the closing of the Loudpack Merger. The balance of proceeds from the loan from Pelorus are anticipated to be used for closing costs, working capital, and a 12-month interest reserve.

The 2017 Loan matures on January 24, 2022 (the "**Maturity Date**"). Loudpack expects to repay this loan from proceeds of a new loan anticipated to be provided by Pelorus on or around the Maturity Date. In the event that the loan from Pelorus does not close on or before the Maturity Date, Loudpack expects to be able to negotiate an extension of the Maturity Date on reasonable terms, although there can be no assurance that any such negotiation will be successful.

As a condition to the closing of the Loudpack Merger, Loudpack is required to reduce its accounts payable balances and otherwise satisfy or retire certain obligations to related parties (the "**Payables Reduction**").

In order obtain a portion of the funds necessary to achieve the Payables Reduction, and to provide Loudpack with sufficient liquidity to conduct ordinary course operations through the closing of the Loudpack Merger, Loudpack has undertaken a private placement of up to an aggregate of US$10,000,000 principal amount of Senior Debentures. As of the date of this Circular, Loudpack has completed the sale of $3,200,000 of such Senior Debentures. As further inducement to purchase the Senior Debentures, Loudpack and the Sole Stockholder are (and Holdco II is expected to be) also offering certain additional securities which, if the Loudpack Merger closes, will entitle the holders thereof to receive a portion of the Loudpack Merger Consideration. In addition, on the Loudpack Merger closing, all of the Senior Debentures issued in this private placement are expected to be amended and restated to become "Senior Carryover Notes."

PRINCIPAL SHAREHOLDERS

Loudpack is wholly owned by the Sole Stockholder. To the knowledge of the directors and executive officers of Loudpack, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, voting securities of Loudpack carrying 10% or more of the voting rights attached to the Loudpack Common Stock, other than as set out in the following table:

Name of Shareholder	**Type of Ownership**	**Number of Common Shares Owned**	**Percentage of Outstanding Common Shares**	**Percentage of Total Voting Rights**
Sole Stockholder	Direct, Beneficial	1,000,000	100%[(1)]	100%
Name of Indirect Owner	**Type of Ownership**	**Equity Interests Owned**	**Percentage of Economic Interest**	**Percentage of Total Voting Rights**
LPF Investor, LLC[(1)]	Indirect, Beneficial	Class A Units, Class B Units of the Sole Stockholder	48.53%	50%
GWC Holdings II, LLC[(2)]	Indirect Beneficial	Class A Units of the Sole Stockholder	44.38%	50%

Notes:

(1) LPF Investor, LLC is managed by a board of directors and is wholly owned by NRC Investor LLC. NRC Investor LLC is managed by New Rise Partners, LLC and is beneficially owned by New Rise Cap LP (13.37%, preferred interests) and New Rise Partners LLC (86.63%, common interests). New Rise Cap LP is owned by New Rise Partners LLC, as the general partner which owns no economic interest, and over 125 limited partners, none of whom owns an economic interest of 10% or more. New Rise Partners LLC is managed by a board of managers and is owned by NR Cherry Avenue Investor LLC (20.21%) and New Rise Holdings LLC (79.79%). NR Cherry Avenue Investor LLC is managed by Russel Gioiella and owned by NR Cherry Avenue Holdings LLC (83.17%) and other members none of whom owns an economic interest of 10% or more. New Rise Holdings LLC is managed by a board of managers and is owned by six members, none of whom owns an economic interest of 33.3% or more.

(2) GWC Holding II, LLC is managed by Bernard J. Bregman. This entity is 100% owned by GWC Investor, LLC, which is managed by Bernard J. Bregman. GWC Investor is in turn 100% owned by GWC Holdings, LLC, which is managed by Bernard J. Bregman. GWC Holdings, LLC is beneficially owned by Adam Bregman (41%), Monterrey New Co, LLC (31%), Ernst Consulting Group, LLC (20%) and Michael Corral (8%), none of which beneficial owners hold or are able to exercise, control or direct the voting rights attaching to the Loudpack Common Stock or the Sole Stockholder, in each case, as of the date hereof. Montrerey New Co, LLC is owned and controlled by Brian Harte.

As noted above, in connection with, and prior to the closing of the Loudpack Merger, it is expected that 50% of the shares of Loudpack Common Stock held by the Sole Stockholder will be contributed to Sub I and that the remaining 50% of the shares of Loudpack Common Stock held by the Sole Stockholder will be contributed to Holdco II, and subsequently to Sub II. Following that transaction, the membership interests in Holdco II will be distributed to the members of the Sole Stockholder, so that the Sole Stockholder and Holdco II will have the same ownership structure as one another.

Upon closing of the Loudpack Merger, the Loudpack Debentures in excess of US$25,000,000 will convert into or be exchanged for equity securities in Sub I and Sub II, which will entitle the former holders to receive a portion of the Subordinate Voting Shares issued by Harborside as Loudpack Equity Consideration in accordance with the terms of the operating agreements of Sub I and Sub II. Following the closing of the Mergers, it is anticipated that 9% of the Subordinate Voting Shares issuable as Loudpack Equity Consideration will be allocated to each of the Sole Stockholder and Holdco II (which Subordinate Voting Shares will be voted separately and equally by the two voting beneficial holders (i.e., the Voting Members)) and 32% to the individual holders of the Loudpack Debentures (the "**Loudpack Debentureholders**"), with the remaining 50% of the Subordinate Voting Shares issuable as Loudpack Equity Consideration to be held equally by Sub I and Sub II until allocated to the Loudpack Recipients in accordance with the terms of the their respective limited liability company operating agreements.

Loudpack also anticipates converting other indebtedness, including the indebtedness due to GWC Holdings, LLC, into equity of Sub I and Sub II. Any conversions of indebtedness into equity will be dilutive to all members of Sub I and Sub II, and therefore to the Sole Stockholder and Holdco II, respectively, as well as the Loudpack Recipients.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

None of Loudpack's directors, executive officers, employees, former directors, former executive officers or former employees or any of its subsidiaries, is or has within 30 days before the date of this Circular been indebted to Loudpack or any of its subsidiaries or another entity whose indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar agreement or understanding provided us or any of our subsidiaries. There is no indebtedness of the directors and officers of Loudpack in any securities purchase program or otherwise.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Greenfield Prop Owner II, LLC v. Mitsui Sumitomo Insurance Company of America

This case was filed on January 17, 2020, in the Superior Court of the State of California County of Monterey, Case No. 20-CV-000248. Plaintiff, GPO II has brought claims against defendant, Mitsui Sumitomo Insurance Company of America ("**Mitsui**") for breach of contract and breach of good faith & fair dealing against Mitsui arising out of Mitsui's denial of coverage and failure to pay on its insurance policy covering losses sustained in a greenhouse fire at the Greenfield Facility (the "**Loss**"). The GPO II complaint seeks monetary damages in the amount of US$36,327,400 related to the Loss. Mitsui is defending the action. Discovery is in process and dispositive motions are expected to be filed shortly.

Greenfield Prop Owner II, LLC v. Bouldin & Lawson, LLC; Bouldin Corporation; Andrew D. Crawford; Does 1-50, inclusive

This case was originally filed in the Superior Court of the State of California County of Monterey on July 12, 2021, and subsequently removed to the United States District Court, Northern District of California, Case No. 5:21-cv-07161-LHK. Plaintiff, GPO II, has brought claims against defendants, Bouldin & Lawson, LLC; Bouldin Corporation; Andrew D. Crawford; Does 1-50, inclusive (collectively "**Bouldin Defendants**") for the Bouldin Defendants negligence which caused a greenhouse fire at the Greenfield Facility. Defendants Bouldin & Lawson, LLC and Bouldin

Corporation have answered the complaint and discovery has commenced. Defendant Andrew D. Crawford has yet to be served and a private investigator has been retained to locate him.

INTEREST OF CERTAIN PERSONS IN MATERIAL TRANSACTIONS

Except as described elsewhere in the Circular and below, including without limitation this "Appendix K – *Information Concerning Loudpack*", no director or executive officer of Loudpack, or to the knowledge of Loudpack's management, any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10 percent of any class or series of Loudpack's outstanding voting securities, or any associate or affiliate of any of the foregoing, has any material interest, direct or indirect, in any transaction within Loudpack's three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect Loudpack.

As of September 30, 2021, Loudpack was indebted to certain of its directors in the aggregate amount of approximately US$346,590 as a result of deferred board compensation owing to such directors, which debt Loudpack intends to settle in full at or prior to closing of the Loudpack Merger. In addition, as of September 30, 2021, Loudpack was indebted to GWC Holdings, LLC, in the aggregate amount of approximately US$3.3 million, which debt Loudpack intends to settle in full at or prior to closing of the Loudpack Merger.

Marc Ravner was a founding member, and is currently the Chairman and Chief Executive Officer of Loudpack. Following consummation of the Loudpack Merger, Mr. Ravner will become the President of Integration of the Combined Company. See the section entitled "Executive Compensation" in "Appendix M – *Information Concerning the Combined Company Following Completion of the Mergers*".

MATERIAL CONTRACTS

Other than the Smokiez License Agreement, Supplement Agreement, the 2017 Loan Agreement, and Master Assignment Agreement, the Loudpack Support Agreement or as otherwise disclosed in this Circular and in connection with the proposed Loudpack Merger, Loudpack is not a party to any material contracts, except contracts entered into in the ordinary course of business.

Loudpack and Acquiom Agency Services LLC are party to the Debenture Supplement. The Debenture Supplement is the primary governing document for the Loudpack Debentures, and together with certain guarantees, pledge agreements and an intercreditor agreement with the 2017 Lender, governs the rights and obligations of Loudpack and the holders of the Loudpack Debentures.

Greenfield Organix is party to a Master Payment Agreements with various vendors, that assign invoices to Fusion, LLF, LLC, under the Master Assignment Agreement between Greenfield Organix and Fusion LLF, LLC dated July 30, 2019 (the "**Master Assignment Agreement**"), which enables vendors to give extended terms on these invoices to Greenfield Organix. Additionally, Greenfield Organix assigns invoices associated with the sale of finished goods and raw materials on a true sale basis to Fusion LLF, LLC at a discount of the invoiced amount in exchange for accelerated payment. Each invoice that is assigned has its own term, but the Master Payment Agreements and Master Assignment Agreement do not have any specified term.

INTERESTS OF EXPERTS

The Loudpack Annual Financial Statements included in "Appendix N – *Loudpack Audited Annual Financial Statements*" attached to the Circular have been audited by Marcum LLP. Marcum LLP has confirmed that it is independent with respect to Loudpack within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in the United States and any applicable legislation or regulations.

OTHER MATERIAL FACTS

To the knowledge of Loudpack's management, there are no other material facts relating to the Loudpack that are not otherwise disclosed in this Circular, including without limitation in this "Appendix K – *Information Concerning Loudpack*", or are necessary for the Circular to contain full, true and plain disclosure of all material facts relating to Loudpack.

APPENDIX L
INFORMATION CONCERNING URBN LEAF

Notice to Reader

The following information provided by Urbn Leaf is presented on a pre-Mergers basis (except where otherwise indicated) and reflects the current business, financial and share capital position of Urbn Leaf. Unless the context otherwise requires, all capitalized terms used but not defined in this "Appendix L – *Information Concerning Urbn Leaf*" will have the meanings set forth the Circular.

Cautionary Note Regarding Forward-Looking Statements

The following section of this Circular contains "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking statements or information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Urbn Leaf 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 section of the Circular. Examples of such statements include statements with respect to the timing and outcome of the Urbn Leaf Merger, the ability to negotiate any necessary extensions in relation to Urbn Leaf's loans or otherwise, the ability to negotiate and enter into new loan agreements, the use of proceeds of any debt or equity securities, the strategic plans of Urbn Leaf to grow and expand its business and operations, anticipated operating costs, Urbn Leaf's organic growth plan and strategy, and the makeup of Urbn Leaf's revenue. 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: Urbn Leaf's ability to attract and maintain key personnel; Urbn Leaf's ability to increase production capacity; Urbn Leaf's ability to access the raw materials needed to produce its brands; the illegality of cannabis under United States federal law; Urbn Leaf's ability to comply with state and federal regulations; the uncertainty regarding enforcement of cannabis laws; the effect of restricted access to banking and other financial services; the effect of constraints on marketing and risks related to Urbn Leaf's products; the effect of unfavorable tax treatment for cannabis businesses; the effect of security risks; the effect of infringement or misappropriation claims by third parties; Urbn Leaf's ability to comply with potential future United States Food and Drug Administration regulations; Urbn Leaf's ability to enforce its contracts; the effect of unfavorable publicity or consumer perception regarding cannabis; the effect of risks related to material acquisitions, dispositions and other strategic transactions; the effect of agricultural and environmental risks; the effect of risks related to information technology systems; the effect of product liability claims and other litigation to which Urbn Leaf may be subjected; the effect of risks related to the results of future clinical research; the effect of intense competition in the cannabis industry; the effect of outbreaks of pandemic diseases, fear of such outbreaks or economic disturbances due to such outbreaks, particularly the impact of the COVID-19 illness; and the effect of general economic risks, such as the unemployment level, interest rates and inflation, and challenging global economic conditions. In respect of the forward-looking statements and information contained in this section of the Circular, Urbn Leaf has provided such statements and information in reliance on certain assumptions that Urbn Leaf believes are reasonable at this time. Although Urbn Leaf believes that the assumptions and factors used in preparing the forward-looking information or forward-looking statements in this section of the Circular 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.

CORPORATE STRUCTURE

Corporate History

Urbn Leaf was formed on May 1, 2018 pursuant to Articles of Organization as filed with the Secretary of State of the State of California. Urbn Leaf converted from a limited liability company to a corporation pursuant to Articles of Incorporation with Statement of Conversion filed on November 8, 2018, which was amended pursuant to the Amended and Restated Articles of Incorporation dated as of June 12, 2019, and further amended by the Certificate of Amendment to the Amended and Restated Articles of Incorporation filed on November 6, 2020, each of which was filed with the Secretary of State of the State of California.

Urbn Leaf is managed by Edward M. Schmults, Joshua Gold and Willie Frank Senn, who each serve as a member of the Board of Directors of Urbn Leaf. Mr. Schmults and Mr. Senn also hold positions as the Chief Executive Officer and President of Urbn Leaf, respectively.

Urbn Leaf entered into a Series A Preferred Stock Purchase Agreement and Investors' Rights Agreement with certain investors on June 18, 2019 (the "**Series A Financing**"). The principal Series A investors include JM10 II, LLC, JM10-FFF, LLC, Seventh Avenue Investments, LLC and Momentum Capital Group LLC.

Below is a summary of Urbn Leaf's acquisition of certain subsidiaries that currently operate Urbn Leaf dispensaries in the city identified in each summary and further described in the section titled "*Description of the Business*" in this "Appendix L – *Information Concerning Urbn Leaf*".

- *Seaside:* In August 2018, Urbn Leaf acquired 50% ownership in a cannabis retail licensed entity, 680 Broadway Master, LLC, in Seaside, California. The total consideration paid was US$900,000. As part of this acquisition, Urbn Leaf absorbed US$72,961 of non-controlling interest based on previous operations.

- *Grover Beach:* In August 2018, Urbn Leaf acquired 75% of the member interests in a cannabis retail licensed entity, Banana LLC, in Grover Beach, California. The total consideration paid was US$750,000 in cash plus a commitment to undertake up to US$500,000 in tenant improvements, with a tenant improvement allowance from the landlord of US$500,000.

- *Vista:* On January 15, 2019, Urbn Leaf acquired 100% of the voting interest in Calgen Trading Inc., a mutual benefit corporation, for US$5,000. Shortly thereafter, Calgen Trading Inc. was successful in its bid to obtain a medical cannabis retail license from the City of Vista, California through its application process.

- *San Ysidro and La Mesa, California:* On April 24, 2019, Urbn Leaf acquired a 29.59% ownership interest in Uprooted Inc. for US$2,200,000 and purchased the remaining 70.41% for an additional US$5,443,009 on October 30, 2020. Uprooted Inc. owns 100% of Uprooted LM LLC.

- *San Jose:* On June 7, 2019, Urbn Leaf made a deposit on the purchase of the assets and operations of GWS Health and DFWS, Inc., dba The Guild, out of receivership. The Guild is a business that holds a state microbusiness cannabis license in San Jose, California. Urbn Leaf made a down payment of US$4,125,000 and additional deposits totaling US$235,888 as of December 31, 2019. On December 17, 2020, Urbn Leaf completed its purchase of the assets and operations of GWS Health and DFWS, Inc., dba the Guild, for US$5,735,888. Urbn Leaf owns 100% of and operates under the name of UL San Jose LLC, dba Urbn Leaf.

- *Redwood City:* On September 7, 2019, Urbn Leaf entered into a contingent stock purchase agreement for 100% of the shares of Belling Distribution, Inc., which owns a cannabis delivery

license in Redwood City, California. The consideration paid was US$570,000. On July 16, 2020, Urbn Leaf completed its acquisition of acquiring 100% ownership interest in Belling Distribution, Inc. The Redwood City location will serve as a strategic delivery hub for the area once operations commence in 2022.

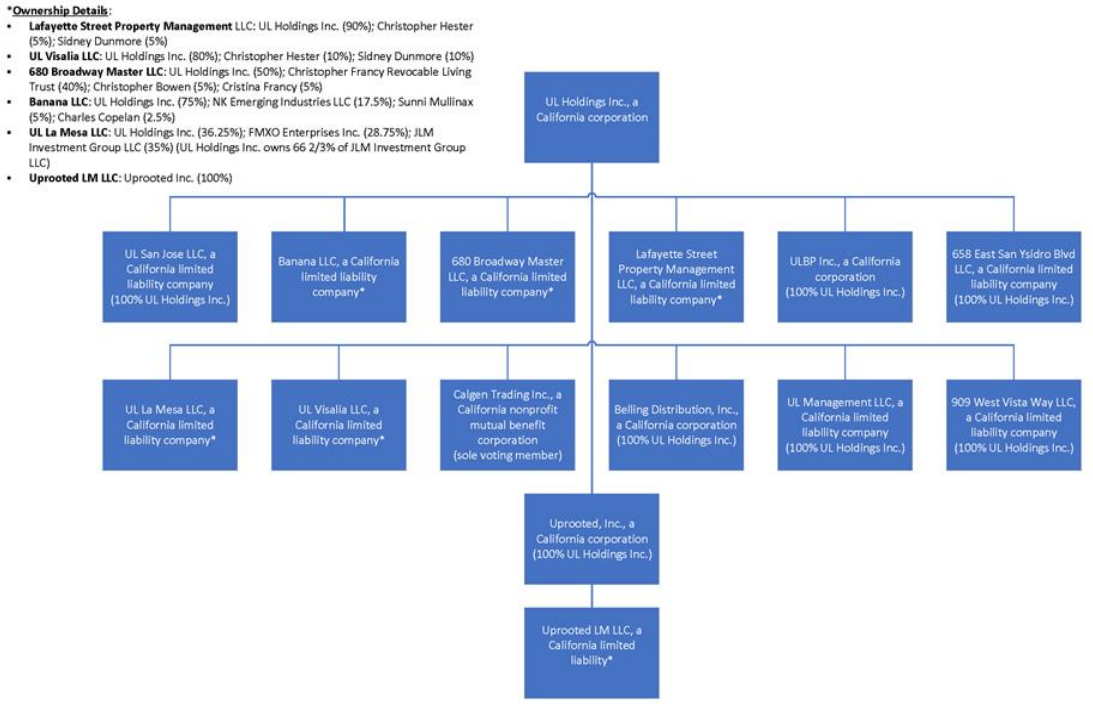
- *La Mesa (Grossmont):* La Mesa Grossmont will be the eighth retail dispensary bearing the Urbn Leaf flag. The store is set to open sometime in February 2022 pending California state license issuance. On September 13, 2019, Urbn Leaf acquired 66.67% interest in JLM Investment Group, LLC for US$825,000, which owns a 35% interest in UL La Mesa LLC.

Head and Registered Office

Urbn Leaf's head office is located at 1295 W. Morena Boulevard, San Diego, California 92110. The registered address for service of process is 901 Campisi Way, Suite 320, Campbell, California 95008, Attention: Sharmi Shah.

Intercorporate Relationships

The following diagram depicts the organizational structure of Urbn Leaf as of the date of this Circular.



DESCRIPTION OF THE BUSINESS

Overview

Urbn Leaf is a California-focused cannabis retailer founded in 2016 with seven dispensaries operating in the state and with another dispensary expected to open in February 2022 and a home delivery depot in Redwood City slated to open in March 2022. Dispensary locations include:

- San Diego (Bay Park)
- San Diego (San Ysidro)
- La Mesa

- La Mesa – Grossmont (February 2022)
- Vista
- Grover Beach
- Seaside
- San Jose
- Redwood City – Home Delivery Depot (March 2022)

Urbn Leaf's dispensaries sell cannabis products at retail as well as through on-line ordering and in-store pickup. Key product categories include flower, vape cartridges, pre-rolls and edibles. Two of the dispensaries provide home delivery services (Grover Beach and San Ysidro, California) with additional dispensaries scheduled to begin home delivery in the first fiscal quarter of 2022. Urbn Leaf also serves as a last-mile delivery partner for Eaze Technologies Inc., a large cannabis delivery company. The Eaze delivery services accounted for approximately 17% of total Urbn Leaf sales for the first nine months of 2021.

Urbn Leaf differentiates itself from other cannabis retailers through its emphasis of its own private label brand. Approximately 40% of Urbn Leaf's annual net sales volume is generated by its Urbn Leaf branded products. Urbn Leaf holds a manufacturing and distribution license that allows it to package its own products and distribute them to its network of stores. Urbn Leaf employs approximately 370 people.

Business Overview

Urbn Leaf specializes in building and operating quality retail stores that are supported by centralized procurement, distribution and production operations. Urbn Leaf also has a licensed manufacturing facility in its Bay Park location. A variety of Urbn Leaf branded products are produced at the Bay Park location. These products are exclusively sold through Urbn Leaf stores and provide higher margins than products purchased from third party brands. Approximately 40% of Urbn Leaf's sales are made from these Urbn Leaf branded products.

Retail

Urbn Leaf dispensaries provide a clean, well-organized shopping experience to its customers. Budtenders are well trained and skilled at listening to customers' needs before presenting alternatives. The product mix at all Urbn Leaf stores reflects the local market, with Urbn Leaf branded products making up approximately 40% of sales. Urbn Leaf strives to bring in complementary products in a mix of well-known brands and new smaller brands to create a compelling retail experience.

Retail sales are augmented through on-line ordering and in-store pick-up via Urbn Leaf's website – www.urbnleaf.com. This also serves as the driver of Urbn Leaf's home delivery efforts, currently operating out of two stores and slated to expand across all stores in 2022.

Manufacturing

Urbn Leaf purchases bulk cannabis flower from licensed outdoor farms, greenhouses and indoor growers and repackages it into smaller 1 gram, eighth (3.5 grams), half ounce and ounce Urbn Leaf branded packages. Some of the bulk flower is made into pre-rolls (joints). In addition, Urbn Leaf purchases bulk concentrates and repackages them into 0.5 gram and 1-gram products. Urbn Leaf recently launched a line of vape cartridges that are produced through a third party. Urbn Leaf branded products are priced competitively across the value and mid-price market segments.

Competition

The California cannabis market is very competitive with over 1300 brands and close to 1000 retailers. Retail competition ranges from single, stand-alone stores to larger multi-store chains. Currently the

largest retailer in California has twenty-four stores. Cannabis retail stores operating models are heavily influenced by state and local regulations. Some municipalities require operating like a pharmacy, where a retail employee (a budtender) waits behind a counter and interacts directly with a customer. This requires a well-trained budtender who can ascertain the customer's needs and present a variety of products and form factors to the customer. Other municipalities allow a more traditional retail model with products displayed on tables and shelves for the customer to choose from.

In addition, there are a number of home-delivery-only companies that provide cannabis products to consumers via on-line order platforms.

The principal competitive factors in the industry in which Urbn Leaf operates include:

- robust competition from other retailers and home delivery services;
- limited ability to advertise due to restrictions on some of the traditional advertising approaches used in retail because of federal illegality;
- availability and pricing of quality bulk cannabis;
- local regulations and licensing;
- state and local taxes; and
- illicit market competition.

Three-Year History

Urbn Leaf opened its flagship location under California's Proposition 215 and Medical Marijuana Program Act in March 2017 in San Diego, California. The flagship location opened under Bay Park Organics Cooperative, a California consumer cooperative. Under California's prior medicinal cannabis regime, medicinal cannabis businesses generally operated as nonprofit entities. Positioning for the adult-use market, Urbn Leaf converted Bay Park Organics Cooperative to a business corporation under the name ULBP Inc. ULBP Inc. continues to operate as Urbn Leaf's flagship location.

On April 24, 2019, Urbn Leaf acquired Uprooted, Inc., an operating retail facility in San Ysidro, California. On June 3, 2019, 680 Broadway Master, LLC's retail operations opened to the public in Seaside, California. On November 17, 2019, Banana LLC's retail operations opened to the public in Grover Beach, California. On July 10, 2020, Uprooted LM, LLC's retail operations opened to the public in La Mesa, California. On December 18, 2020, UL San Jose LLC's retail operations opened to the public in San Jose, California. On January 23, 2021, Calgen Trading Inc's retail operations opened to the public in Vista, California as a medical only establishment. This operation was converted to an adult-use dispensary in August 2021.

Facilities and Properties

Urbn Leaf currently operates seven retail dispensaries in the locations described herein and one manufacturing facility in Bay Park (San Diego). The dispensaries are located in the following cities in California: Bay Park (San Diego); San Ysidro (San Diego); Seaside; Grover Beach; La Mesa; San Jose; and Vista. Urbn Leaf intends to open a retail delivery location in Redwood City and another dispensary in La Mesa within the next couple of months.

The dispensary locations in Vista and San Ysidro are owned by certain subsidiaries of Urbn Leaf, 909 West Vista Way LLC and 658 East San Ysidro Blvd LLC, respectively, and leased to certain operating subsidiaries of Urbn Leaf. The following subsidiaries are party to the leases for each location: Calgen Trading Inc. (Vista); ULBP Inc. (Bay Park); Uprooted Inc. (San Ysidro); 680 Broadway Master LLC (Seaside); Banana LLC (Grover Beach); Uprooted LM LLC (La Mesa); and UL San Jose (San Jose). Urbn Leaf leases its corporate headquarters location at 1295 W. Morena Boulevard, San Diego, California 92110.

Recent Developments

Urbn Leaf has made significant positive changes in 2021. Reductions in headcount and operational expenses have resulted in a 12.6% reduction in SG&A expenses in September 2021 versus September 2020, despite having two more stores in September 2021. In addition, Urbn Leaf has undertaken a number of operational improvements, such as the elimination of centralized distribution to reduce on-hand inventory and improve in-stock levels at the dispensary level. Urbn Leaf also successfully rolled out an upgraded technology front-end with a new POS system, new website with on-line ordering capabilities and a last-mile delivery platform to facilitate home delivery. The communication backbone and cybersecurity foundation of Urbn Leaf have also been upgraded.

Urbn Leaf has also improved its benefits to its employees in 2021 through upgraded healthcare options, expanded holidays and other services, including expansion of the Urbn Leaf on-line learning and training center.

SELECTED FINANCIAL INFORMATION

Selected Financial Information

Selected financial information of Urbn Leaf for the years ended December 31, 2020 and 2019 is set forth below. The financial information below has been prepared in accordance with IFRS. This section should be read in conjunction with the information contained in Urbn Leaf's audited consolidated financial statements and related notes for the year ended December 31, 2020, included in "Appendix P – *Urbn Leaf Audited Annual Financial Statements*" of this Circular.

	Years Ended December 31,	
(U.S. dollars in thousands, except per share amounts)	**2020**	**2019**
Revenue	$49,944,785	$38,085,866
Net Loss	$(18,038,768)	$(12,415,539)
Basic Net Loss Per Common Share	$(1.74)	$(1.24)
Diluted Net Loss Per Common Share	$(1.15)	$(0.87)
Total Assets (as at)	$75,812,717	$81,622,208
Total Long-Term Liabilities (as at)	$31,034,866	$22,551,090

Revenue increased in the year ended December 31, 2020 as compared to the year ended December 31, 2019 primarily as a result of the fact that there were four retail locations operating for the entire year in comparison to the year prior, during which only the flagship retail location in San Diego was in operation for all twelve months. In addition, in 2020 Urbn Leaf opened two additional stores in La Mesa and San Jose and launched Urbn Leaf delivery services out of two locations.

The decrease in Urbn Leaf's asset base from December 31, 2019 was primarily the result of Urbn Leaf's investment in UL Holdings NV LLC that was deemed impaired in 2020. Urbn Leaf contributed net assets totaling US$5,116,848 as of December 31, 2019 and received US$1,000,000 as a settlement payment in 2021. As such, the investment balance as of December 31, 2020 was reduced to US$1,000,000. In addition, in 2020 Urbn Leaf charged off US$1,371,636 in bad debt related to the outstanding accounts receivable balance held with a third-party delivery platform.

The increase in outstanding long-term liabilities from December 31, 2019 was primarily due to an increase in accounts payable, taxes and excise taxes payable, and lease liabilities. Accounts payable increased as there were additional construction costs outstanding in connection with the San Jose store

opening in late December 2020 and in preparation for Calgen Trading Inc. opening in January 2021. Taxes payable increased with (a) the increase in revenues from 2019, and (b) tax payment dates extended by the State of California as a response to support businesses during the COVID-19 pandemic. Urbn Leaf was assessed excise tax penalties in 2020 totaling US$3,025,225 that were later relieved in 2021. Lastly, Urbn Leaf acquired Belling Distribution LLC and UL San Jose LLC during 2020, which entailed, among other things, recognizing their lease liabilities totaling US$3,114,780 as of December 31, 2020.

CONSOLIDATED CAPITALIZATION

Consolidated Capitalization of Urbn Leaf

Other than as disclosed in this Circular, there has not been any material change to Urbn Leaf's share or loan capital since December 31, 2020, the date of Urbn Leaf's most recent financial statements. See the Urbn Leaf Financial Statements, which are incorporated by reference in the Circular as "Appendix P – *Urbn Leaf Audited Annual Financial Statements*" for additional information with respect to Urbn Leaf's consolidated capitalization.

Share Capital

The authorized share capital of Urbn Leaf consists of 30,000,000 shares of Urbn Leaf Common Stock and 10,000,000 shares of Urbn Leaf Preferred Stock. As of the date of this Circular, 10,386,303 shares of Urbn Leaf Common Stock and 3,122,649 shares of Urbn Leaf Preferred Stock were issued and outstanding.

Urbn Leaf has awarded the options to purchase shares of Urbn Leaf Common Stock set forth in the table below. None of these options have been exercised and all will be terminated in connection with the closing of the Urbn Leaf Merger.

Executive Officers and Employees	Title	Number of Options to Acquire Common Shares	Exercise Price	Expiration Date
Bernardina Howard	Vice President of Human Resources (Active)	100,000	$9.89	April 12, 2031(1)
Christopher Crouch	Vice President of Retail (Active)	100,000	$9.89	August 6, 2029(1)
Danelle Sarvas	Vice President of Marketing (Terminated)	100,000	$9.89	April 30, 2031(1)
Edward M. Schmults	Chief Executive Officer (Active)	350,000	$9.89	February 1, 2031(1)
Erin Hughes	Chief Financial Officer (Active)	100,000	$9.89	May 3, 2031(1)
Joshua Gold	Director (Active)	45,000	$14.09	January 1, 2030
Gregg "Skip" Motsenbocker	Chief Executive Officer (Terminated)	305,056	$14.09	August 20, 2029
Nathan Shaman	General Counsel (Terminated)	175,000	$9.89	March 30, 2031
Total		**1,275,056**		

Note:
(1) Subject to earlier termination in the event of termination for cause.

Loan Capital

The following table sets out Urbn Leaf's material debt outstanding as of the date of this Circular, including the lender and amount thereof, any changes to the debt since December 31, 2020, the date of Urbn Leaf's most recent financial statements, and any expected changes to such debt at or prior to closing of the Urbn Leaf Merger.

Lender	Amount	Changes since most recently completed financial period	Expected Changes prior to or at closing of the Urbn Leaf Merger
South Mountain Properties, LLC	US$7,092,953	Maturity Date extended until March 31, 2022	For a description of this loan, please refer to the summary of the West Vista

Lender	Amount	Changes since most recently completed financial period	Expected Changes prior to or at closing of the Urbn Leaf Merger
			Promissory Note in the section titled "*Material Contracts*" in this "Appendix L – *Information Concerning Urbn Leaf*". This loan is anticipated to be repaid prior to the Urbn Leaf Effective Time using a portion of the proceeds from the Pelorus Loan, assuming the Pelorus Loan is entered into.
South Mountain Properties, LLC	US$4,259,906	Maturity Date extended until March 31, 2022	For a description of this loan, please refer to the summary of the San Ysidro Promissory Note in the section titled "*Material Contracts*" in this "Appendix L – *Information Concerning Urbn Leaf*". This loan is anticipated to be repaid prior to the Urbn Leaf Effective Time using a portion of the proceeds from the Pelorus Loan, assuming the Pelorus Loan is entered into.
Series A Preferred Stockholders	US$5,400,000 Upon maturity, Urbn Leaf will pay a fee in an amount equal to US$2,079,000, in addition to outstanding principal and accrued interest.	n/a	For a description of this loan, please refer to the summary of the Series A Preferred Holders Credit Agreement in the section titled "*Material Contracts*" in this "Appendix L – *Information Concerning Urbn Leaf*". Prior to the Urbn Leaf Effective Time, this loan agreement is anticipated to be amended to permit the Urbn Leaf Merger without resulting in an acceleration of the indebtedness thereunder and to waive all financial covenants.
FLRish Retail Management and Security Services LLC	US$1,035,250	This loan was entered into on July 23, 2021.	On July 23, 2021, Urbn Leaf issued an Unsecured Promissory Note in favor of FLRish Retail Management and Security Services LLC with a principal amount of $1,000,000. The holder of the note is an affiliate of Harborside. The note accrues interest at 15% and matures on the earlier of (x) March 1, 2022 and (y) the Urbn Leaf Effective Time. This debt is anticipated to be repaid at the Urbn Leaf Effective Time.
SUB CCP URBN, LLC	US$5,383,300	This loan was entered into on July 23, 2021.	On July 23, 2021, Urbn Leaf issued a Secured Promissory Note in favor of SUB CCP URBN, LLC with a principal amount of $5,200,000. The holder of the note is an affiliate of Harborside. The note accrues interest at 15% and matures on the earlier of (x) March 1, 2022 and (y) the Urbn Leaf Effective Time. This debt is anticipated to be repaid at the Urbn Leaf Effective Time.

In addition to the foregoing, Urbn Leaf also has an aggregate of US$1,199,900 in debt outstanding from multiple lenders, none of which loans are material on their own . None of this non-material debt is anticipated to be repaid prior to the Urbn Leaf Effective Time.

Urbn Leaf currently anticipates closing a loan with Pelorus prior to the closing of the Urbn Leaf Merger. Details of the Pelorus Loan are described in the "*Material Contracts*" section of this "Appendix L – *Information Concerning Urbn Leaf*". A portion of the proceeds of the Pelorus Loan would be used to pay off the West Vista Promissory Note and the San Ysidro Promissory Note, as each term is defined in and described in the "*Material Contracts*" section of this "Appendix L – *Information Concerning Urbn Leaf*".

PRINCIPAL SECURITYHOLDERS

To the knowledge of Urbn Leaf, no person or company currently beneficially owns, controls or directs, directly or indirectly, shares of Urbn Leaf carrying 10% or more of the voting rights attached to any class of Urbn Leaf's voting securities except for the following:

Name of Shareholder	Type of Ownership	Number of Shares of Urbn Leaf Common Stock	Percentage of Outstanding Urbn Leaf Common Stock	Percentage of Total Voting Rights
Willie Frank Senn	Beneficial	10,000,000	96.3%[(1)]	74%[(2)]

Name of Shareholder	Type of Ownership	Number of Shares of Urbn Leaf Preferred Stock	Percentage of Outstanding Urbn Leaf Preferred Stock	Percentage of Total Voting Rights
JM10-FFF, LLC	Beneficial	613,828	19.7%[(3)]	4.5%
Momentum Capital Group LLC – Series B - Urban	Beneficial	709,723	22.7%[(4)]	5.3%
Seventh Avenue Investments, LLC	Beneficial	354,862	11.7%[(5)]	2.6%

Notes:

(1) Mr. Senn holds 74% of Urbn Leaf's equity on a fully-diluted basis.

(2) Mr. Senn does not have voting control as a result of certain blocking rights granted to the holders of Urbn Leaf Preferred Stock.

(3) JM10-FFF, LLC holds 4.5% of Urbn Leaf's equity on a fully-diluted basis. This entity is controlled and directed by Gregory R. Thomaier.

(4) Momentum Capital Group LLC – Series B - Urban holds 5.3% of Urbn Leaf's equity on a fully-diluted basis. This entity is controlled and directed by Matthew Sidman.

(5) Seventh Avenue Investments, LLC holds 2.6% of Urbn Leaf's equity on a fully-diluted basis. This entity is controlled and directed by Samuel Brill.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

None of Urbn Leaf's directors, executive officers, employees, former directors, former executive officers or former employees or any of Urbn Leaf's subsidiaries, and none of their respective associates, is or has within 30 days before the date of this Circular or at any time since the beginning of the most recently completed financial year been indebted to Urbn Leaf or any of its subsidiaries or another entity whose indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar agreement or understanding provided to Urbn Leaf or any of its subsidiaries.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Urbn Leaf may from time to time be involved in legal administrative and other proceedings of a nature considered normal to its business. Other than as disclosed below, Urbn Leaf and its subsidiaries are not,

and have not been since the beginning of the fiscal year ended December 31, 2020, party to any material legal proceedings or regulatory actions. To the best of its knowledge, other than as disclosed below there are no material legal proceedings, or threatened or pending material legal proceedings, involving Urbn Leaf or any of its subsidiaries.

***Steele et al. v. Passion Care, LLC et al.*, Case No. 37-2020-00038013-CU-PO-CTL (San Diego Sup. Ct.)**

Leon Steele and Brenda Byrd (the "**Claimants**"), are the parents of Le'sharia Bre'aun Steele (the "**Decedent**"). The Claimants have alleged that the Decedent died on October 26, 2018 as a result of unspecified complications allegedly related to the Decedent's consumption of THC in Kushy Punch Hybrid Tropical Punch Flavor Gummies ("**Kushy Punch Gummies**") that were provided to her by her boyfriend, who in turn reportedly had obtained the Kushy Punch Gummies from a friend (the "**Purchaser**"). It is undisputed that Urbn Leaf did not manufacture, distribute or market the Kushy Punch Gummies. The Claimants allege that Urbn Leaf sold the Kushy Punch Gummies to the Purchaser, but Urbn Leaf has no record of that sale. The complaint was filed on October 20, 2020 in the San Diego County Superior Court. Claimants filed their suit against several entities aside from Urbn Leaf (collectively such other entities, the "**Kushy Punch Parties**"), which are each alleged to play a role in the manufacture and distribution of the product. Urbn Leaf has filed a cross-complaint against the Kushy Punch Parties. Claimants have filed a Statement of Claim for Damages in the amount of $40 million. Urbn Leaf disputes the liability allegations made by Claimants, including the allegations that it sold the Kushy Punch Gummies to the Purchaser, and further challenges that there is any causal relationship between the Decedent's ingestion of Kushy Punch Gummies and her death. In the event of any finding of liability in this matter, the potential wrongful death value is unknown at this time. Urbn Leaf's insurance carrier is defending the matter under its policy which provides up to $1 million in coverage, subject to the policy's customary reservation of rights and applicable exclusions, including if the Kushy Punch Gummies were noncompliant with applicable law. Insurance will not cover any punitive damages, if applicable.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as described below, there are no material interests, direct or indirect, of any of directors or executive officers of the Urbn Leaf or any of its subsidiaries, any shareholder that beneficially owns, or controls or directs (directly or indirectly), more than 10% of any class or series of outstanding voting securities of Urbn Leaf, or any associate or affiliate of any of the foregoing persons, in any transaction within the three years before the date hereof that has materially affected or is reasonably expected to materially affect Urbn Leaf and its subsidiaries.

Edward M. Schmults as Chief Executive Officer

Edward M. Schmults is currently the Chief Executive Officer of Urbn Leaf. Following consummation of the Urbn Leaf Merger, Mr. Schmults will become the Chief Executive Officer of the Combined Company. See the section entitled "Executive Compensation" in "Appendix M – *Information Concerning the Combined Company Following Completion of the Mergers*".

Willie Frank Senn as Chief Corporate Development Officer

Willie Frank Senn is currently the President of Urbn Leaf. Following consummation of the Urbn Leaf Merger, Mr. Senn will become the Chief Corporate Development Officer of the Combined Company. See the section entitled "Executive Compensation" in "Appendix M – *Information Concerning the Combined Company Following Completion of the Mergers*".

Consulting Agreement

Pursuant to that certain Consulting Agreement dated as of November 29, 2021 (the "**Consulting Agreement**"), by and between Harborside and Urbn Leaf, Urbn Leaf. through Mr. Schmults, is providing consulting services to Harborside with respect to the integration of the business and

operations of Urbn Leaf and its subsidiaries and Harborside. Urbn Leaf paid $10,000 a month for the term of the Consulting Agreement, which expires on February 21, 2022.

Series A Preferred Holders Credit Agreement

For a summary of the Series A Preferred Holders Credit Agreement, please refer to the section titled "*Material Contracts*" in this "Appendix L – *Information Concerning Urbn Leaf*". Lenders under the Series A Preferred Holders Credit Agreement include Seventh Avenue Investments, LLC and Momentum Capital Group LLC, each of which is a holder of Urbn Leaf Preferred Stock and Cresco Capital Partners II, LLC, a company controlled by Andrew Sturner and Matthew Hawkins, directors of Harborside.

MATERIAL CONTRACTS

Other than as set forth below, Urbn Leaf is not a party to any material contracts, except contracts entered into in the ordinary course of business.

Urbn Leaf Merger Agreement

Urbn Leaf and Harborside entered into the Urbn Leaf Merger Agreement on November 29, 2021 in connection with the Urbn Leaf Merger. Please refer to the section "*Transaction Agreements – Urbn Leaf Merger Agreement*" of this Circular.

Series A Preferred Holders Credit Agreement

Urbn Leaf and certain of its subsidiaries entered into a Credit and Guaranty Agreement on December 21, 2020 with Seventh Avenue Investment, LLC, as the Administrative Agent on behalf of the lenders thereunder (the "**Series A Preferred Holders Credit Agreement**"). Under the Series A Preferred Holders Credit Agreement, Urbn Leaf received a term loan of US$5,400,000 (the "**UL Loan**"). Urbn Leaf used the proceeds of the UL Loan to pay tax liabilities, transaction costs, to finance certain capital expenditures and for working capital other general corporate purposes. The interest is payable monthly and accrues daily at the higher of 12.5% per annum or the sum of the Wall Street Journal Prime Rate plus 9% per annum. The lenders received an original issue discount of 2.50%, such that the proceeds of the UL Loan actually received by Urbn Leaf was discounted by US$135,000. The UL Loan matures on December 21, 2022. Upon the maturity date, the lenders will receive an additional maturity date payment of US$2,079,000. At the lenders' option on the maturity date, the lenders may convert any or all of their share of the outstanding principal and additional maturity date payments into common stock of Urbn Leaf, reflecting a price per share equal of Urbn Leaf resulting from a pre-money valuation of Urbn Leaf of US$100,000,000 divided by the fully diluted capitalization. Urbn Leaf agreed to secure their obligations by an all-asset lien, including a pledge of subsidiaries of Urbn Leaf.

San Ysidro Promissory Note

658 East San Ysidro Blvd, LLC ("**San Ysidro**"), a wholly owned Subsidiary of Urbn Leaf, entered into a promissory note on October 11, 2019 to borrow US$7,200,000 (the "**San Ysidro Promissory Note**") from South Mountain Properties, LLC. Interest currently accrues at the rate of 13.75% per annum. The San Ysidro Promissory Note matures on March 31, 2022. The San Ysidro Promissory Note is secured by a deed of trust on the real property located at 650-658 E. San Ysidro Boulevard in the City of San Diego, County of San Diego, State of California. In accordance with the Urbn Leaf Merger Agreement, Urbn Leaf has agreed to pay in full the San Ysidro Promissory Note within 180 days after the closing of the Urbn Leaf Merger.

West Vista Promissory Note

909 West Vista Way LLC ("**West Vista**"), a wholly owned Subsidiary of Urbn Leaf, entered into a promissory note on October 11, 2019 to borrow US$4,000,000 (the "**West Vista Promissory Note**")

from South Mountain Properties, LLC. Interest currently accrues at the rate of 13.75% per annum. The West Vista Promissory Note is secured by a deed of trust on the real property located at 909 West Vista Way in the City of Vista, County of San Diego, State of California. The West Vista Promissory Note matures on March 31, 2022. In accordance with the Urbn Leaf Merger Agreement, Urbn Leaf has agreed to pay in full the West Vista Promissory Note 180 days after the closing of the Urbn Leaf Merger.

Pelorus Loan

Urbn Leaf entered into a term sheet to obtain a loan from Pelorus, who will lend to each of Harborside, Loudpack and Urbn Leaf up to US$77,300,000, in the aggregate (the "**Pelorus Loan**"). The parties are finalizing the documentation relating to the Pelorus Loan, and currently anticipate this loan will close in January 2022. The Pelorus Loan is expected to be drawn in two tranches. The first tranche is expected to be drawn at the closing and will be distributed separately to the three separate borrowers under three separate loan agreements: Harborside is expected to receive US$15,488,358, Loudpack is expected to receive US$15,420,563 and Urbn Leaf is expected to receive US$13,131,079, for a total of US$44,040,000 in the aggregate. The second tranche for the remaining US$33,260,000 is expected to be available to the borrowers subject to the closing of the Mergers. Prior to the closing of the Mergers, each of the three separate borrowers are expected to have their separate loan agreements cross-collateralized and subject to cross-defaults. In the event the Mergers do not close for any reason, all cross-defaults and cross-collateralization among the Harborside, Loudpack and Urbn Leaf borrowers will be removed, and each borrower will retain their own stand-alone loan agreement. The Pelorus Loan is expected to mature in 60 months, provided, however, in the event the Mergers do not close for any reason, the Pelorus Loan will become due 12 months after the termination of the Urbn Leaf Merger Agreement. The Pelorus Loan is expected to have an interest rate of 10.25% per annum and require interest only payments for the first three years, and on each of the third and fourth year anniversaries, 7.5% of the principal is expected to be payable, with the remaining amount of principal and interest outstanding payable on the maturity date. Pelorus is expected to receive an origination fee equal to one percent of the full committed Pelorus Loan amount, or US$773,000, which is expected to be ratably allocated among the three borrowers based on their share of the first tranche.

INTEREST OF EXPERTS

The Urbn Leaf Annual Financial Statements included in "Appendix P – *Urbn Leaf Audited Annual Financial Statements*" attached to the Circular, have been audited by PKF San Diego, LLP, an independent registered public accounting firm, as stated in their report appearing therein. Such Urbn Leaf Annual Financial Statements have been included in reliance upon such report given on the authority of such firm as experts in accounting and auditing. The offices of PKF San Diego, LLP**,** Certified Public Accountants, are located at 2020 Camino Del Rio North, Suite 500, San Diego, California 92108.

APPENDIX M
INFORMATION CONCERNING THE COMBINED COMPANY FOLLOWING COMPLETION OF THE MERGERS

Notice to Reader

The following information about the Combined Company following completion of the Mergers should be read in conjunction with documents incorporated by reference in this Circular and the information concerning Harborside, Loudpack and Urbn Leaf, as applicable, appearing elsewhere in this Circular. See "Appendix J – *Information Concerning Harborside*", "Appendix K – *Information Concerning Loudpack*" and "Appendix L – *Information Concerning Urbn Leaf*". For further information regarding Harborside please refer to the filings under Harborside's issuer profile on SEDAR at www.sedar.com.

See "*Management Information Circular – Cautionary Statement Regarding Forward-Looking Information*".

General

The Mergers will result in a strategic business combination of Harborside, Loudpack and Urbn Leaf pursuant to which Harborside will acquire all of the issued and outstanding equity interests of Loudpack and Urbn Leaf in exchange for the issuance of Subordinate Voting Shares. See "*The Mergers – Description of the Loudpack Merger*" and "*The Mergers – Description of the Urbn Leaf Merger*" in the Circular.

Following the completion of the Mergers, and based on the estimated number of Subordinate Voting Shares issuable as consideration under each of the Loudpack Merger and Urbn Leaf Merger as of November 29, 2021, existing Harborside Shareholders, Loudpack Recipients and Urbn Leaf Shareholders, are expected to beneficially own approximately 35%, 39% and 26% of the Combined Company, respectively, on a non-diluted basis and assuming conversion of all Multiple Voting Shares into Subordinate Voting Shares.

Following completion of the Mergers, the Combined Company's registered office will be located at 181 Bay Street, Suite 1800, Toronto, Ontario, M5J 2T9 and the Combined Company's head office will be located at Embarcadero, Suite 202, Oakland, California, 94606, which are Harborside's current registered and head office, respectively.

The Combined Company will continue to be a corporation existing under the OBCA. After completion of the Mergers, the Combined Company will continue to be a reporting issuer in British Columbia, Alberta, and Ontario. It is anticipated that the Combined Company will be renamed "StateHouse Holdings Inc." and the Subordinate Voting Shares will trade on the CSE under the trading symbol "STHZ".

Description of the Business

Following the completion of the Mergers, Harborside will continue the operations of Harborside, Loudpack and Urbn Leaf on a combined basis under the name "StateHouse Holdings Inc.". After the Loudpack Effective Time and Urbn Leaf Effective Time, respectively, Loudpack and Urbn Leaf will be wholly-owned subsidiaries of Harborside. For a description of the current businesses of each of Harborside, Loudpack and Urbn Leaf, see "Appendix J – *Information Concerning Harborside*" and the Harborside AIF which is incorporated by reference in this Circular, Appendix K – *Information Concerning Loudpack*" and "Appendix L – *Information Concerning Urbn Leaf*".

The Combined Company is expected to be one of the largest cannabis platforms in the State of California with industry-leading retail, brands, processing, manufacturing, distribution and cultivation

capabilities. The Combined Company plans to leverage its state-wide distribution network for Harborside, Loudpack and Urbn Leaf branded products that reaches more than 780 active accounts, including approximately 75% of California dispensaries.

Upon completion of the Mergers, the Combined Company is expected to have up to 15 retail locations (including retail locations expected to be opened in the next 12 months), representing the number two retail platform in California under one unified banner, established brands in the pre-roll, edible and value flower segments and a deep roster of products at a variety of price points.

The Combined Company expects to have approximately 230,000 square feet of greenhouse cultivation space, with additional near-term expansion capacity of more than 100,000 square feet of canopy and approximately 36,000 pounds of cultivation capacity with 22,000 pounds of additional near-term cultivation capacity, based on current cultivation capacities at Harborside's cultivation and production facility located in Salinas, California (the "**Salinas Facility**") and Loudpack's cultivation and manufacturing facility located in Greenfield, California and assuming (i) increased plant density at the Salinas Facility with consistent yields, and (ii) the completion of two additional greenhouses that are partially completed at the Salinas Facility.

Corporate Structure

Following completion of the Mergers, the Combined Company will continue to be a corporation existing under the OBCA and is expected to have the following corporate structure, which sets out each of the significant Subsidiaries and certain other entities of the Combined Company, together with the jurisdiction of organization of the Combined Company and each such Subsidiary or entity (all of which will be directly or indirectly wholly-owned by the Combined Company following completion of the Mergers unless otherwise indicated):

Name	Jurisdiction	Percentage Owned (%)
FLRish Farms Cultivation 2, LLC	California, U.S.	100
Patients Mutual Assistance Collective Corporation	California, U.S.	100
San Jose Wellness Solutions Corp.	California, U.S.	100
San Leandro Wellness Solutions Inc.	California, U.S.	100
LGC LOR DIS 2, LLC	Oregon, U.S.	100
FGW Haight Inc.	California, U.S.	21
LGC LOR DIS 1, LLC	Oregon, U.S.	100
Encinal Productions RE, LLC	California, U.S.	100
Savature Inc.	California, U.S.	100
Sublime Machining Inc.	California, U.S.	100
Accucanna RE, LLC	California, U.S.	100
Accucanna LLC	California, U.S.	100
FLRish, Inc.	California, U.S.	100
FLRish Retail Management & Security Services, LLC	California, U.S.	100
FLRish Farms Management & Security Services,	California, U.S.	100
FFC1, LLC	California, U.S.	100
FLRish Farms Cultivation 7, LLC	California, U.S.	100
FLRish Flagship Enterprises, Inc.	California, U.S.	100
FLRish IP, LLC	California, U.S.	100
FLRish Retail, LLC	California, U.S.	100
FLRish Retail Affiliates, LLC	California, U.S.	100
FLRish Retail JV, LLC	California, U.S.	100
Haight Acquisition Corporation	Delaware, U.S.	100
LGC Holdings USA, Inc.	Nevada, U.S.	100
LGC Operations, LLC	Nevada, U.S.	100
Lineage GCL Oregon Corporation	Oregon, U.S.	100
Lineage GCL California, LLC	California, U.S.	100
Unite Capital Corp.	Ontario, Canada	100
SaVaCa, LLC	California, U.S.	100

Sublimation Inc.	Delaware, U.S.	100
Oakland Machining Supply SLB LLC	California, U.S.	100
Accucanna Holdings Inc.	California, U.S.	100
UL Holdings Inc.	California, U.S.	100
UL San Jose LLC	California, U.S.	100
Banana LLC	California, U.S.	75
680 Broadway Master LLC	California, U.S.	50
Lafayette Street Property Management LLC	California, U.S.	90
ULBP Inc.	California, U.S.	100
658 East San Ysidro Blvd LLC	California, U.S.	100
UL La Mesa LLC	California, U.S.	36.25
UL Visalia LLC	California, U.S.	80
Calgen Trading Inc.	California, U.S.	100
Belling Distribution, Inc.	California, U.S.	100
UL Management LLC	California, U.S.	100
909 West Vista Way LLC	California, U.S.	100
Uprooted, Inc.	California, U.S.	100
Uprooted LM LLC	California, U.S.	100
Greenfield Organix	California, U.S.	100
Greenfield Prop. Owner, LLC	Delaware, U.S.	100
Greenfield Prop. Owner II, LLC	Delaware, U.S.	100

Description of Capital Structure

The authorized share capital of the Combined Company following completion of the Mergers will continue to be as described under the heading "*General Proxy Information – Voting Securities and Principal Harborside Shareholders*" in the Circular and the rights and restrictions of the Subordinate Voting Shares and Multiple Voting Shares will remain unchanged, except for the amendments contemplated to the share provisions governing the Multiple Voting Shares as discussed under the heading "*Business of the Harborside Meeting – Articles Alteration Resolution*" in the Circular.

The proposed changes to the Current MVS Provisions are included in "Appendix R – *Amended and Restated Articles*" attached to this Circular.

Based on calculations of the relative equity values of Harborside, Loudpack and Urbn Leaf as of November 29, 2021, being the date of each of the Loudpack Merger Agreement and Urbn Leaf Merger Agreement, respectively, Harborside expects to issue approximately 151,427,786 Subordinate Voting Shares as consideration pursuant to the Mergers (prior to giving effect to the proposed Consolidation), comprised of (a) 91,427,786 Subordinate Voting Shares issuable as the Loudpack Equity Consideration, and (b) 60,000,000 Subordinate Voting Shares issuable as Urbn Leaf Merger Consideration, collectively representing approximately 184**%** of the current issued and outstanding Subordinate Voting Shares, on a non-diluted basis and assuming the conversion of all Multiple Voting Shares into Subordinate Voting Shares. Following the closing of the Mergers, and based on the foregoing estimates of the number of Subordinate Voting Shares issuable as consideration under the Mergers, existing Harborside Shareholders, Loudpack Recipients and Urbn Leaf Shareholders, are expected to beneficially own approximately 35%, 39% and 26% of the Combined Company, respectively, on a non-diluted basis and assuming conversion of all Multiple Voting Shares into Subordinate Voting Shares.

Governance and Management of the Combined Company

Directors and Senior Officers

Following completion of the Mergers, the board of directors of the Combined Company will initially be comprised of seven directors, three of whom are current directors of Harborside, two of whom are nominees of Loudpack and two of whom are nominees of Urbn Leaf. If elected at the Harborside Meeting, the initial directors of the Combined Company will be comprised of (a) Matthew Hawkins;

(b) Edward Schmults; (c) Marc Ravner; (d) Kevin Albert; (e) Tiffany Liff; (f) Jonathon Roy Pottle; and (g) James Scott. Four of the initial directors of the Combined Company will be independent.

The key senior management team of the Combined Company is expected to include: (a) Edward Schmults as Chief Executive Officer; (b) Marc Ravner as President of Integration; (c) Tom DiGiovanni as Chief Financial Officer; (d) Ahmer Iqbal as Chief Operating Officer; (e) Willie Senn as Chief Corporate Development Officer; and (f) Jack Nichols as General Counsel.

The directors of the Combined Company will hold office until the next annual general meeting of the Combined Company or until their respective successors have been duly elected or appointed, unless his or her office is earlier vacated in accordance with the articles and by-laws of the Combined Company or within the provisions of the OBCA.

The following table sets forth certain information regarding the individuals who will serve as directors and officers of the Combined Company, including their place of residence, status as independent or non-independent director (if applicable), the period of time for which each director nominee or officer has served as a director or officer of Harborside, Loudpack or Urbn Leaf, as applicable, each director's principal occupation and biographical information, other public board memberships, the number of securities of each of Harborside, Loudpack and Urbn Leaf that are beneficially owned by each director or officer, directly or indirectly, or over which each director or officer exercises control or direction.

MATTHEW HAWKINS	**Principal Occupation and Biographical Information**
Texas, United States Director of Harborside since May 2019 Combined Company Chairman of the Board Not Independent	Matthew Hawkins is the Founder and Managing Principal of Entourage Effect Capital, LLC ("**EEC**"), a private equity firm focused specifically on investing in the legalized cannabis industry. Since 2014, the firm has invested out of two co-investment vehicles and special purpose entities with over $160 million in assets under management and is currently raising its third fund. Prior to founding EEC, he was a Partner and President of a real estate investment company which acquired REO and NPL from banks and financial institutions across the country. Prior to this, Matt was a Principal/Co-founder of San Jacinto Partners, a fund focused on the bulk acquisition of single-family residential assets and the Managing General Partner of Adjacent Capital, L.P., a private equity/specialty lending fund. He was earlier affiliated with Treadstone Partners, L.L.C., a distressed debt and equity fund. Matt is a graduate of The University of Texas at Austin.

Current Board/Committee Membership	**Other Public Board Memberships**
Member of the Harborside Board Member of the Compensation Committee	None
Number of Securities of Harborside Beneficially Owned, Controlled or Directed	10,669,915[(1)(2)]
Number of Securities of Loudpack Beneficially Owned, Controlled or Directed	Nil
Number of Securities of Urbn Leaf Beneficially Owned, Controlled or Directed	279,631[(3)]

Notes:

(1) Mr. Hawkins controls 56,070 Multiple Voting Shares indirectly through Cresco Capital Partners II, LLC and an aggregate of 1,179,565 Subordinate Voting Shares indirectly through CCP FLRISH, LLC, Cresco Capital Partners II, LLC and Cresco Capital Partners, LLC. Mr. Hawkins also holds 333,350 options to acquire Subordinate Voting Shares

directly and controls 35,500 warrants to purchase Multiple Voting Shares indirectly through Cresco Capital Partners II, LLC

(2) Figures presented assuming the conversion of all Multiple Voting Shares held into Subordinate Voting Shares.

(3) Mr. Hawkins holds an aggregate of 279,631 shares of Urbn Leaf Common Stock indirectly through Cresco Capital Partners II, LLC and entities controlled by Cresco Capital Partners II, LLC.

EDWARD SCHMULTS	**Principal Occupation and Biographical Information**
Rhode Island, United States Director and Chief Executive Officer of UrbnLeaf since 2021 Combined Company Director and Chief Executive Officer Not Independent	Edward Schmults has more than 30 years of experience in global branded consumer products, omnichannel retail, product development, finance, operations, IT, and green and socially responsible businesses, including CEO roles at FAO Schwarz and Wild Things Gear, and COO roles at Patagonia and Red Envelope, where product quality and customer experience drive the brands' success. In addition, Ed has strong operational experience having set up and improved warehouse, logistics, and technology infrastructure at five different companies. Since 2018, Ed has utilized his extensive knowledge as the CEO of Calyx Peak Companies ("**CPC**"). In his role at CPC, he set the company vision and direction in multiple states. CPC oversaw licensed facilities for cultivation, manufacturing, and distribution in California; cultivation and manufacturing in Ohio; and cultivation in Nevada. Ed has spoken at numerous cannabis investor conferences as well as at MJBizCon, the cannabis industry annual trade show. Ed began his career in investment banking at Goldman, Sachs & Company. Ed is also on the board of Vera Bradley (Nasdaq: VRA) and Board of Advisors of First Insight, a predictive data analytics company. He is a former Vice Chairman of the Board of REI, the large national outdoor retail company. Ed holds an MBA from Harvard Business School and a BA in Economics and Political Science from Yale University.

Current Board/Committee Membership	**Other Public Board Memberships**
N/A	Vera Bradley (Nasdaq: VRA)
Number of Securities of Harborside Beneficially Owned, Controlled or Directed	Nil(1)
Number of Securities of Loudpack Beneficially Owned, Controlled or Directed	Nil
Number of Securities of Urbn Leaf Beneficially Owned, Controlled or Directed	350,000(2)

Notes:

(1) Upon completion of the Urbn Leaf Merger, Mr. Schmults is anticipated to receive restricted share units evidencing the right to receive up to 1.5 million Subordinate Voting Shares and options to purchase 7 million Subordinate Voting Shares at an exercise price to be determined at the time the Schmults Agreement takes effect.

(2) Mr. Schmults holds options exercisable into 350,000 Urbn Leaf Common Shares.

MARC RAVNER	**Principal Occupation and Biographical Information**
New York, United States	Marc Ravner was a founding member, and is currently the Chairman and Chief Executive Officer, of Loudpack. Marc began his professional career by transforming a legacy family parking business into a $100 million real estate portfolio by introducing

Combined Company Director and President of Integration Not Independent	innovative management, capital markets knowledge, and making prudent acquisitions. Following that, Marc joined the leadership team of Magnum Real Estate Group, one of the fastest growing residential real estate development and management companies in New York City. At Magnum, Marc managed numerous multimillion-dollar development projects. Marc holds a Bachelor of Arts degree from Boston University and a Masters of Science in real estate development from New York University.

Current Board/Committee Membership	Other Public Board Memberships
N/A	None
Number of Securities of Harborside Beneficially Owned, Controlled or Directed	Nil(1)
Number of Securities of Loudpack Beneficially Owned, Controlled or Directed	Up to 75,000 shares of Loudpack(2)(3)
Number of Securities of Urbn Leaf Beneficially Owned, Controlled or Directed	Nil

Notes:

(1) Upon completion of the Loudpack Merger, and as Loudpack Equity Consideration is ultimately distributed in respect of the membership interests of the Sole Stockholder that are owned, controlled and/or directed by Mr. Ravner, Mr. Ravner is anticipated to receive, directly or indirectly, Subordinate Voting Shares. Based on the agreed upon equity values of Harborside and Loudpack, respectively, as of November 29, 2021, and the projected issuance of approximately 91,427,786 Subordinate Voting Shares as the Loudpack Equity Consideration (prior to giving effect to the proposed Consolidation), it is anticipated that no more than 4.65 million Subordinate Voting Shares will be owned, controlled and/or directed by Mr. Ravner, representing approximately 2% of the Subordinate Voting Shares anticipated to be outstanding following completion of the Mergers, based on the Subordinate Voting Shares outstanding as of the Record Date and assuming the issuance of an aggregate of 151,427,786 Subordinate Voting Shares as consideration under the Mergers. The precise number of Subordinate Voting Shares issuable as Loudpack Equity Consideration pursuant to the Loudpack Merger is subject to change as described in the section "*The Mergers – Details of the Loudpack Merger – Calculation of Harborside and Loudpack Equity Values*".

(2) All of the issued and outstanding shares in the capital of Loudpack are owned by the Sole Stockholder. Mr. Ravner beneficially holds a maximum of 7.5% of the outstanding interests in Loudpack, which interest will be subject to dilution in respect of the vesting of long-term incentive plan units granted by the Sole Stockholder, the Loudpack Restructuring, including the conversion of the Loudpack Debentures into equity interests in Sub I and Sub II and certain preferred returns granted to certain investors.

(3) Mr. Ravner also acts as the Chairman of the Board of the Sole Stockholder, and as a manager of an entity that serves as manager of another entity, which is the sole manager of an entity that is the sole manager of an entity that controls 50% of the voting securities of the Sole Stockholder.

KEVIN K. ALBERT	Principal Occupation and Biographical Information
New York, United States Director of Harborside since November 2020 Combined Company Director Independent	Kevin Albert worked in the investment banking division of Merrill Lynch & Co. for 24 years. Now retired, he is currently managing a portfolio of private investments, the majority of which are in the legal cannabis industry. From September 2010 through December 2019, Kevin was a Senior Partner of Pantheon Ventures LLC and a member of its six-person Partnership Board. For most of his nine-year tenure there, he was responsible for the firm's global business development and during this time Pantheon's assets under management increased from approximately $25 billion to approximately $50 billion. From 2006 until 2017, he also served as an independent director on the board of Merrill Lynch Ventures, LLC, a series of private equity partnerships offered to Merrill Lynch employees

	aggregating over $1.8 billion of original committed capital. He currently serves as an independent director on the board of Osiris Ventures, Inc. dba NorCal Cannabis Company, Octavius Holdings, Inc. dba Flow Cannabis, Achari Ventures Holdings Corp, a special purpose acquisition company targeting cannabis businesses and MWG Holdings Group, Inc. as well as Neighborhood Holdings, Inc., a private real estate management company which enables renters to build financial equity in their homes and neighborhoods. Kevin has a BA and an MBA from the University of California, Los Angeles, where he continues to be involved as the Chair of the Board of Visitors of the Economics Department.

Current Board/Committee Membership	**Other Public Board Memberships**
Member of the Harborside Board Member of the Audit Committee Member of the Compensation Committee	Achari Ventures Holdings Corp. (Nasdaq: AVHIU)
Number of Securities of Harborside Beneficially Owned, Controlled or Directed	647,477[(1)]
Number of Securities of Loudpack Beneficially Owned, Controlled or Directed	Nil
Number of Securities of Urbn Leaf Beneficially Owned, Controlled or Directed	Nil

Note:

(1) Mr. Albert holds 547,477 Subordinate Voting Shares and options exercisable into 100,000 Subordinate Voting Shares directly.

TIFFANY LIFF	**Principal Occupation and Biographical Information**
Florida, United States Combined Company Director Independent	Tiffany began her career as a commercial financial analyst in 1994 at NationsBank in Miami, Florida. In 1996, she transferred to Atlanta, Georgia into a leveraged finance role and eventually landed at Wachovia Bank, where she provided capital to private equity firms to support their acquisitions. During her tenure at Wachovia Bank from 2000 to 2007, Tiffany was responsible for originating, underwriting, syndicating and closing some of the largest leveraged loans in the distressed debt sector at the time. Tiffany's coverage of the M&A markets for private equity firms allowed her network to expand to large national and international syndicated transactions where she was responsible for closing over $1 billion dollars in leveraged loans. In 2014, Tiffany founded her own firm, TPL Analytics, which specializes in real estate and cannabis investments on behalf of private equity, legal and high net worth professionals. Tiffany is responsible for all facets of the deal process, including the cultivation of deal flow, underwriting and deal closings on behalf of her network of investors. Over the last two years, along with real estate investing, Tiffany has focused on the cannabis industry; making several investments in the space and bringing capital to various institutions through her private equity and legal networks. Over the last three years, Tiffany has brought over $20

	million dollars of capital to eight different transactions in the cannabis space. In 2018, Tiffany joined Entourage Effect Capital as Head of Underwriting and Portfolio Management. Tiffany sits on the Company's Investment Committee and on various boards of the Company's portfolio companies. Tiffany attended Florida State University, where she obtained an academic scholarship and played as a student athlete. She graduated in 1993 with a B.S. in Finance.

Current Board/Committee Membership	Other Public Board Memberships
N/A	None
Number of Securities of Harborside Beneficially Owned, Controlled or Directed	Nil
Number of Securities of Loudpack Beneficially Owned, Controlled or Directed	Nil
Number of Securities of Urbn Leaf Beneficially Owned, Controlled or Directed	Nil

JONATHON ROY POTTLE	Principal Occupation and Biographical Information
Massachusetts, United States Combined Company Director Independent	Mr. Pottle is a seasoned business executive with over thirty-five years of experience in financing, acquiring and operating private and public companies. He is currently Chairman and Chief Executive Officer of American Messaging Services, LLC, a privately held wireless messaging company he co-founded in 2005 that provides critical messaging services throughout the United States. From February 1998 to November 2004 Mr. Pottle was Executive Vice President and Chief Financial Officer of Arch Wireless, Inc., a large publicly traded wireless messaging company and from October 1994 to February 1998, Mr. Pottle was Vice President and Treasurer of Jones Intercable, Inc., a publicly traded cable television company. Prior to October 1994, Mr. Pottle held a variety of senior positions in both Toronto and New York with the Bank of Nova Scotia where he managed a $3.5 billion media and telecommunications portfolio. Mr. Pottle is also a senior advisor to Granite Point Capital Management, L.P., an SEC registered investment advisor that manages a family of research-driven long/short equity hedge funds, with approximately $450 million under management. Granite Point Capital was founded in 2004 and is based in Boston, MA. Mr. Pottle has served on the board of several public and private companies, most recently he was Chairman of the Board of Crosswinds Holdings, Inc, a publicly traded asset management company and currently serves on the board of LPF Holdco, Inc., a private California based Cannabis company. Mr. Pottle holds both a Bachelor of Commerce and an MBA from Concordia University in Montreal, Quebec.

Current Board/Committee Membership	Other Public Board Memberships
N/A	None
Number of Securities of Harborside Beneficially Owned, Controlled or Directed	Nil
Number of Securities of Loudpack Beneficially Owned, Controlled or Directed	Nil
Number of Securities of Urbn Leaf Beneficially Owned, Controlled or Directed	Nil

JAMES E. SCOTT	Principal Occupation and Biographical Information
Colorado, United States Director of Harborside since November 2020 Combined Company Director Independent	Jim Scott is an entrepreneur and investor with a unique blend of transaction, operating and leadership experience and a passion for business. Since 1998, Jim has been the Managing Partner of Denver-based The Scott Company LLC, a boutique advisory firm and merchant bank. Throughout his career, Jim has completed successful transactions for clients of all sizes – from start-up to multibillion dollars. In 2018 and 2019, Jim invested in and led Receptra Naturals, one of the leading hemp and CBD product companies in the US. As its President, CEO and Board Member, Jim oversaw the hypergrowth of that corporation experiencing a six time increase in revenue. Jim is also the Managing Partner of Littlehorn Investments, LLC, a Denver-based investment fund focused on investing in, or buying, lower market operating businesses. Jim began his career in investment banking in 1992 with Salomon Brothers Inc. in their domestic mergers and acquisitions group. He also worked for SBC Warburg in London in their global chemicals investment banking and M&A groups. Jim graduated Summa Cum Laude from Boston University School of Management in finance and operations management.

Current Board/Committee Membership	Other Public Board Memberships
Member of the Harborside Board Member of the Audit Committee Member of the Governance and Nominating Committee	None
Number of Securities of Harborside Beneficially Owned, Controlled or Directed	420,000[(1)(2)]
Number of Securities of Loudpack Beneficially Owned, Controlled or Directed	Nil
Number of Securities of Urbn Leaf Beneficially Owned, Controlled or Directed	Nil

Notes:

(1) Mr. Scott holds options exercisable into 100,000 Subordinate Voting Shares directly, as well as 1,600 Multiple Voting Shares and warrants exercisable into 1,600 Multiple Voting Shares indirectly through Littlehorn Investments LLC.

(2) Figures presented assuming the conversion of all Multiple Voting Shares held into Subordinate Voting Shares.

TOM DiGIOVANNI	Principal Occupation and Biographical Information
California, United States Chief Financial Officer of Harborside since December 2019 Combined Company Chief Financial Officer	Mr. DiGiovanni started working in the cannabis industry in 2016 as a founding member of Canndescent, where he was the CFO and Chief Compliance Officer. During his tenure there, he established several cannabis industry firsts, including opening the first fully compliant cannabis bank account in California in 2017 and building the first commercial scale cannabis solar energy project in the US in 2019. Before entering the cannabis industry, Mr. DiGiovanni served in multiple executive roles in finance and operations, including as Chief Financial Officer for Mainstream Energy where he managed growth rates of more than 100% per year, helped consummate the merger of Mainstream Energy into Sunrun Inc and helped Sunrun prepare for their IPO (NYSE: RUN). He is a fully licensed Certified Public Accountant and a graduate of the Rochester Institute of Technology, where he received a Bachelor of Science in Accounting with a minor in Economics.

Current Board/Committee Membership	Other Public Board Memberships
N/A	None
Number of Securities of Harborside Beneficially Owned, Controlled or Directed	341,400[(1)]
Number of Securities of Loudpack Beneficially Owned, Controlled or Directed	Nil
Number of Securities of Urbn Leaf Beneficially Owned, Controlled or Directed	Nil

Notes:

(1) Mr. DiGiovanni holds 307 Multiple Voting Shares, 5,000 Subordinate Voting Shares, options exercisable into 275,000 Subordinate Voting Shares and warrants exercisable into 307 Multiple Voting Shares directly.

(2) Figures presented assuming the conversion of all Multiple Voting Shares held into Subordinate Voting Shares.

AHMER IQBAL	Principal Occupation and Biographical Information
California, United States Chief Operating Officer of Harborside since July 2021 Combined Company Chief Operating Officer	Mr. Iqbal was appointed COO of Harborside in July 2021, following the acquisition of Sublime. Ahmer was the CEO of Sublime, a cannabis product manufacturer based in Oakland, California. Before becoming CEO, he served as the COO of Sublime. Ahmer brings more than 20 years of experience in manufacturing and supply chain operations to Harborside. His past leadership has been focused on developing and delivering technology-driven business solutions, providing outstanding client service, and driving profitable revenue growth. Prior to Sublime, Ahmer served at Amazon Lab 126 overseeing supply chain operations of its Kindle e-Reader division. He was responsible for a successful global launch of the first ever water-proof e-Reader. Before joining Amazon, Ahmer worked at Crystal Technology, a subsidiary of Siemens (Semiconductor). There, he transitioned wafer fabrication operations from Palo Alto to Southeast Asia before joining Dewolf Boberg & Associates as a consultant for various medical device, aeronautics, and other manufacturing companies.

Current Board/Committee Membership	Other Public Board Memberships
N/A	None
Number of Securities of Harborside Beneficially Owned, Controlled or Directed	675,000[(1)(2)]
Number of Securities of Loudpack Beneficially Owned, Controlled or Directed	Nil
Number of Securities of Urbn Leaf Beneficially Owned, Controlled or Directed	Nil

Notes:
(1) Mr. Iqbal holds 4,604 Multiple Voting Shares and options exercisable into 215,000 Subordinate Voting Shares.
(2) Figures presented assuming the conversion of all Multiple Voting Shares held into Subordinate Voting Shares.

WILLIE SENN	Principal Occupation and Biographical Information
California, United States Founder, President and Director of Urbn Leaf since 2017 Combined Company Chief Corporate Development Officer	Willie Senn is the founder of Urbn Leaf. Will is one of the cannabis industries' earliest entrepreneurs. Over the past 14 years, he successfully built 8 early-stage medical cannabis businesses. His focus project, Urbn Leaf, is regarded as one of the most successful cannabis retail brands in California. Urbn Leaf holds licenses in all verticals of the industry and maintains a centralized distribution infrastructure to support its retail operations. Will has also been instrumental in the creation of several highly successful cannabis trade associations. Will is a founding board member of the Global Alliance for Cannabis Commerce (GACC), whose sole focus is federal cannabis reform. He is the Founder of the United Medical Marijuana Association (UMMC), the legal cannabis industry 501c6 non-profit trade organization representing the licensed and permitted cannabis businesses in the City of San Diego. In 2010, he co-founded the Patient Care Association, one of the first medical marijuana industry associations in the country. He was also a founding member of the Alliance for Responsible Medicinal Access, the trade group instrumental in developing the current San Diego City Medical Marijuana Ordinance. Will is also Founder of Citizens for Patient's Rights, the political action committee responsible for cutting edge change in marijuana policy for San Diego County. Will is an industry leader and an expert in the regulatory and political aspects of cannabis business development. He attended San Diego State University, with an emphasis in business. Originally from the Bay Area, he has lived in San Diego, California since 2003.

Current Board/Committee Membership	Other Public Board Memberships
N/A	None
Number of Securities of Harborside Beneficially Owned, Controlled or Directed	16,000,000[(1)]
Number of Securities of Loudpack Beneficially Owned, Controlled or Directed	Nil

Number of Securities of Urbn Leaf Beneficially Owned, Controlled or Directed	10,000,000[(2)]

Notes:

(1) Upon completion of the Urbn Leaf Merger, Mr. Senn is anticipated to receive, directly or indirectly, Subordinate Voting Shares. Based on the agreed upon equity values of Harborside and Urbn Leaf, respectively, as of November 29, 2021, and the projected issuance of approximately 60,000,000 Subordinate Voting Shares as the Urbn Leaf Merger Consideration (prior to giving effect to the proposed Consolidation), it is anticipated that no more than between approximately 4 and 16 million Subordinate Voting Shares will be owned, controlled and/or directed by Mr. Senn, representing between 2.1% and 8.4% of the Subordinate Voting Shares anticipated to be outstanding following completion of the Mergers on a non-diluted basis, based on Subordinate Voting Shares outstanding as of the Record Date and assuming the issuance of an aggregate of 151,427,786 Subordinate Voting Shares as consideration under the Mergers. The precise number of Subordinate Voting Shares issuable as Urbn Leaf Merger Consideration pursuant to the Urbn Leaf Merger is subject to change as described in the section "*The Mergers – Details of the Urbn Leaf Merger – Calculation of Harborside and Urbn Leaf Equity Values*". In addition, upon completion of the Urbn Leaf Merger, Mr. Senn is anticipated to receive options to purchase 1.5 million Subordinate Voting Shares at an exercise price to be determined when his employment contract with the Combined Company takes effect.

(2) Mr. Senn holds 10,000,000 Urbn Leaf Common Shares directly.

JACK NICHOLS	**Principal Occupation and Biographical Information**
California, United States General Counsel of Harborside since: May 30, 2019 Combined Company General Counsel	Mr. Nichols has served as General Counsel and Chief Compliance Officer of Harborside and its predecessor FLRish for six years. Mr. Nichols plays a critical role at the executive level managing all legal matters for Harborside while spearheading new policy, compliance, government relations, safety, security, and personnel issues to mitigate risk. Mr. Nichols oversaw the RTO with FLRish resulting in the CSE listing for Harborside. He continues to manage the merger and business integrations through legal and compliance due diligence of organizational functions, assets, finances, leases, and programs. In 2021, he oversaw the acquisition of Sublime, an award-winning cannabis manufacturing company, for a total consideration of $43.8 million, and the purchasing of 100% of the issued and outstanding equity interest of Accucanna, the license holder of Harborside's Desert Hot Springs retail dispensary location, together with the real property relating to the Desert Hot Springs, for a total consideration of $4,918,263. As part of his commitment to the advancement of regulatory policy in the cannabis industry, he sits on the Federal Policy Advisory Group for CCIA (California Cannabis Industry Association). Leveraging his prior experience as a state and federal prosecutor, Mr. Nichols has effectively advocated for policy change at the state and local levels on key industry issues resulting in reduced tax rates, increased testing batch sizes, drive-through licensure, and the fair treatment of cannabis operators in the regulatory environment.

Current Board/Committee Membership	**Other Public Board Memberships**
N/A	None
Number of Securities of Harborside Beneficially Owned, Controlled or Directed	832,631[(1)(2)]

Current Board/Committee Membership	Other Public Board Memberships
Number of Securities of Loudpack Beneficially Owned, Controlled or Directed	Nil
Number of Securities of Urbn Leaf Beneficially Owned, Controlled or Directed	Nil

Notes:

(1) Mr. Nichols holds 1,000 Multiple Voting Shares, 400,000 Subordinate Voting Shares and options exercisable into 332,631 Subordinate Voting Shares.

(2) Figures presented assuming the conversion of all Multiple Voting Shares held into Subordinate Voting Shares.

After giving effect to the Mergers, and based on the assumptions and other contingencies described in the tables above, it is expected that the number of Subordinate Voting Shares and Multiple Voting Shares beneficially owned, directly or indirectly, or over which control or direction will be exercised, by the proposed directors and officers of the Combined Company and their associates and affiliates, will be an aggregate of up to approximately 26,982,042 Subordinate Voting Shares and approximately 63,581 Multiple Voting Shares, representing approximately 13.9% of the 190,953,193 Subordinate Voting Shares anticipated to be outstanding following completion of the Mergers on a non-diluted basis, before giving effect to the conversion of all Multiple Voting Shares to Subordinate Voting Shares and approximately 14.3% of the 233,550,266 Subordinate Voting Shares anticipated to be outstanding following completion of the Mergers, on a non-diluted basis, but after giving effect to the conversion of all Multiple Voting Shares to Subordinate Voting Shares.

Corporate Cease Trade Orders or Bankruptcies

For the purposes of this Circular, "order" means: (a) a cease trade order; (b) an order similar to a cease trade order; or (c) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

Except as disclosed herein, no proposed director is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive office or chief financial officer of any company that:

a) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or

b) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

On June 8, 2020, the Ontario Securities Commission (the "**OSC**") issued a cease trade order ("**CTO**") against the Corporation in connection with the Corporation's refiling of certain historical financial statements of FLRish for the fiscal years ended December 31, 2017 and 2018 and the interim period ended March 31, 2019, and financial statements and related management's discussion and analysis for the interim periods ended June 30, 2019 and September 30, 2019 due primarily to changes in the application of accounting treatments related to certain transactions by FLRish. On June 16, 2020, the OSC issued a management cease trade order ("**MCTO**") against the Corporation in respect of the delayed filing of its financial statements and MD&A. The MCTO was subsequently revoked and, on July 15, 2020, the OSC issued a CTO against the Corporation in connection with the Corporation's failure to file its financial statements and MD&A by the prescribed deadline. The CTOs were revoked on August 31, 2020. Mr. Hawkins was a director of the Corporation at the time the OSC issued the CTOs and the MCTO.

In August 2016, GPO, a limited liability company formed for the purpose of acquiring a parcel of real property and of which Marc Ravner was the sole manager, filed a petition was made for relief under Chapter 11 of the US Bankruptcy Code. The petition was filed to prevent the seller of the property from terminating the relevant purchase agreement, which allowed GPO to obtain an automatic extension of the time to satisfy the conditions precedent thereto and a forum in which to expedite judicial review and decision of various claims. The claims were settled as of November 2016 and the parties completed the real estate purchase in 2017, following which GPO exited bankruptcy protection.

Except as disclosed herein, no proposed director is, as at the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No proposed director has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Penalties and Sanctions

No proposed director has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Pro Forma Capitalization

The following table sets out the consolidated capitalization of the Combined Company after giving effect to the Mergers (on a fully diluted basis and expressed as the number of Subordinate Voting Shares issuable upon conversion or exercise, as applicable, of such securities).

Designation of Security	Number of Underlying Subordinate Voting Shares Outstanding Prior to Giving Effect to the Mergers	Number of Underlying Subordinate Voting Shares Outstanding After Giving Effect to the Mergers	Number of Underlying Subordinate Voting Shares Outstanding After Giving Effect to the Mergers and the Consolidation Assuming a Six to One Ratio
Subordinate Voting Shares	39,525,407	190,953,193[(1)]	31,825,532
Multiple Voting Shares	42,597,073	42,597,073	7,099,512.16
Options[(2)]	4,872,740	4,872,740	812,123
Warrants	14,175,900	16,175,900[(3)]	2,695,983
Broker Warrants	1,138,308	1,138,308	189,718
Contingent Stock Grants	75,000	75,000	12,500
Total Fully Diluted Share Capital	**102,384,428**	**255,812,214**	42,635,368.16

Notes:

(1) Assuming the issuance of an aggregate of 151,427,786 Subordinate Voting Shares as consideration under the Mergers. The precise number of Subordinate Voting Shares issuable as Loudpack Equity Consideration pursuant to the Loudpack Merger is subject to change as described in the section "*The Mergers – Details of the Loudpack Merger – Calculation of Harborside and Loudpack Equity Values*" and the precise number of Subordinate Voting Shares issuable as Urbn Leaf Merger Consideration pursuant to the Urbn Leaf Merger is subject to change as described in the section "*The Mergers – Details of the Urbn Leaf Merger – Calculation of Harborside and Urbn Leaf Equity Values*".

(2) This number does not reflect the number of underlying Subordinate Voting Shares issuable upon exercise of the options assumed pursuant to the acquisition of Sublime, as such number of underlying Subordinate Voting Shares has yet to be reasonably determined by the Harborside Board in accordance with the provisions of the definitive agreement relating to the acquisition of Sublime.

(3) As additional consideration under the Loudpack Merger, Harborside has agreed to issue the Sole Stockholder, warrants to purchase an aggregate of 2,000,000 Subordinate Voting Shares.

Executive Compensation

Following the completion of the Mergers, it is expected that the Combined Company will maintain the policies of Harborside with respect to executive compensation. See "*Executive Compensation*" in the Harborside AGM Circular, which is incorporated by reference in this Circular and available on SEDAR under Harborside's issuer profile.

Summary Compensation

Following the completion of the Urbn Leaf Merger, Ed Schmults ("**Schmults**") is expected to be appointed as CEO of the Combined Company and enter into an employment contract with the Combined Company (the "**Schmults Agreement**"). The form of the Schmults Agreement has been negotiated and agreed to between Harborside and Schmults in connection with the Mergers.

The Schmults Agreement will provide for an annual base salary in the amount of US$450,000 per annum, which may be increased from time to time by the Combined Company Board. Schmults will also be eligible for annual performance bonus of up to 200% of Schmults' then-current base salary. 50% of the aggregate annual performance bonus will be dependent on the Combined Company achieving certain net operating income targets for the applicable year and the other 50% of the aggregate annual performance bonus will be dependent on the Combined Company achieving certain revenue targets for the applicable year, in each case, as approved by the Combined Company Board. Schmults will also be entitled to a discretionary bonus to be determined by the Combined Company Board based on Schmult's contribution towards closing and integrating the business of Harborside with the businesses of Loudpack, Urbn Leaf and Sublime. Harborside has also agreed to grant Schmults restricted share units evidencing the right to receive up to 1,500,000 Subordinate Voting Shares and options to purchase 7,000,000 Subordinate Voting Shares at an exercise price to be determined at the time the Schmults Agreement takes effect.

Pursuant to the Schmults Agreement, in the event that Schmults is terminated without Cause (as defined in the Schmults Agreement) or resigns with Good Reason (as defined in Schmults Agreement), the Combined Company will be required to pay Schmults (a) any vested benefits that Schmults may have under any employee benefit plan of the Combined Company, provided, however, that any equity based compensation will be governed by the applicable equity incentive plan of the Combined Company and subject to the policies of the CSE; (b) severance in an amount equal to one times Schmults' then-current base salary, payable as continued salary for 12 months following the date of termination in accordance with the Combined Company's normal payroll schedule; and (c) reimburse Schmults, the monthly premium payable to continue Schmult's and his eligible dependent's participation in the Combined Company's group health plan for a period of 12 months, subject to certain exceptions.

In addition, in the event of a Change in Control (as defined in the Schmults Agreement), (a) 100% of all vested restricted share units and options will remain exercisable at the closing of the Change in Control in accordance with their respective terms and the terms of the applicable equity incentive plan; (b) 50% of all restricted share units and options that are unvested as of immediately prior to the closing of a Change in Control will accelerate and vest at the closing of the Change in Control; and (c) an

additional 25% of the unvested restricted share units and options will vest at the closing of the Change in Control if the acquirer wants Schmults to remain employed with the Combined Company, its successor or the acquirer on substantially identical or superior employment terms for at least a one-year period post-closing of the Change in Control, provided that Schmults remains so employed for at least one year. Pursuant to the Schmults Agreement, if Schmults is terminated without Cause within six months of the closing of the Change in Control, 100% of all of the restricted share units and options held by Schmults will accelerate and vest at the date of termination.

Mr. Schmults will also be entitled to reimbursement of all reasonable business expenses and to participate in the Combined Company's employee benefit plans.

Following the completion of the Mergers, it is expected that Marc Ravner will be appointed as President of Integration of the Combined Company and Willie Senn, will be appointed as anticipated Chief Corporate Development Officer of the Combined Company. As of the date of this Circular, neither Mr. Ravner nor Mr. Senn has entered into an employment agreement with Harborside. The Combined Company intends to formalize the employment agreements with Mr. Ravner and Mr. Senn prior to the Loudpack Effective Time and Urbn Leaf Effective Time, respectively. When formalized, such employment arrangements are expected to contain termination clauses and change of control benefits customary for arrangements of this nature. In addition, it is expected that Mr. Ravner and Mr. Senn will be paid salaries at a level that is comparable to companies of similar size and character. The compensation arrangements for the other executive officers of Harborside that will continue as executive officers of the Combined Company are described in the Harborside AGM Circular, which is incorporated by reference in this Circular and available on SEDAR under Harborside's issuer profile.

Principal Holders of Harborside Shares Upon Completion of the Mergers

To the knowledge of the directors and executive officers of Harborside, following the completion of the Mergers and prior to giving effect to the proposed Consolidation, the only persons who will beneficially own, or control or direct, directly or indirectly, voting securities of Harborside carrying 10% or more of the voting rights attached to any class of Harborside Shares are as follows:

Name	Number of Subordinate Voting Shares Owned, Controlled or Directed[(1)]	Percentage of Outstanding Subordinate Voting Shares	Number of Multiple Voting Shares Owned, Controlled or Directed	Percentage of Outstanding Multiple Voting Shares	Percentage of Voting Rights Attached to all Outstanding Shares
Sub I[(2)]	28,139,204	14.74%	Nil	Nil	12.05%
Sub II[(2)]	28,139,204	14.74%	Nil	Nil	12.05%
Roger Jenkins[(3)]	286,062	<1%	111,566	26.2%	4.9%
Linnaeus Management Services, LLC[(4)]	-	-	111,566	26.2%	4.8%
Matthew K. Hawkins[(5)]	5,779,565	3.03%	56,070	13.2%	4.9%
Andrew Sturner[(6)]	5,779,565	3.03%	57,321	13.5%	4.9%
Cresco Capital Partners II, LLC[(7)(8)]	5,297,638	2.77%	56,070	13.2%	4.7%

Notes:

(1) The figures presented in this table assume the issuance of an aggregate of 151,427,786 Subordinate Voting Shares as consideration under the Mergers, and that following the Mergers, an aggregate of (i) 190,953,193 Subordinate Voting Shares will be issued and outstanding, and (ii) 425,970.73 Multiple Voting Shares (underlying an aggregate of 42,597,073 Subordinate Voting Shares) will be issued and outstanding. The precise number of Subordinate Voting Shares issuable as Loudpack Equity Consideration pursuant to the Loudpack Merger is subject to change as described in the section "*The Mergers – Details of the Loudpack Merger – Calculation of Harborside and Loudpack Equity Values*" and the precise number of Subordinate Voting Shares issuable as Urbn Leaf Merger Consideration pursuant to the Urbn Leaf Merger is subject to change as described in the section "*The Mergers – Details of the Urbn Leaf Merger – Calculation of Harborside and Urbn Leaf Equity Values*".

(2) On November 29, 2021, the date of the Loudpack Merger Agreement and Urbn Leaf Merger Agreement, the average daily exchange rate as reported by the Bank of Canada was US$1.00 = C$1.2765 or C$1.00 =US$0.7834. Based on the closing price of the Subordinate Voting Shares on the CSE on November 29, 2021 of C$0.79, or US$0.62, prior to the announcement of the Loudpack Merger Agreement and Urbn Leaf Merger Agreement, an aggregate of 18,629,032

Subordinate Voting Shares would be subject to the Loudpack Escrow Agreement. Of the number of Subordinate Voting Shares subject to the Loudpack Escrow Amount, only 2,5000,000 Subordinate Voting Shares are fixed and the balance will be based on such number of Subordinate Voting Shares as is equal to US$10,000,000 using the volume weighted average price, in United States Dollars, of the Subordinate Voting Shares on the CSE, for the 30 trading days ending on the trading day immediately preceding the date of determination. The Subordinate Voting Shares held by Sub I and Sub II will begin to be allocated and distributed among the Loudpack Recipients beginning on the six-month anniversary of the Loudpack Closing Date and continue until at least the 18-month anniversary thereof; which allocations and distributions will result in a change in the beneficial ownership, control and direction of such Subordinate Voting Shares from what is set out in the table above in respect of Sub I and Sub II. Given the number of undetermined variables and contingencies affecting the ultimate allocation and distribution of such Subordinate Voting Shares, it is not possible to determine which, if any, Loudpack Recipients will beneficially own, control or direct such Subordinate Voting Shares during or after such allocation and distribution period.

(3) Mr. Jenkins holds 46,062 Subordinate Voting Shares directly and 240,963 Subordinate Voting Shares indirectly through Murray Fields & Company LLC. Mr. Jenkins holds 111,566 Multiple Voting Shares indirectly through Linnaeus Management Services, LLC. As at the date of this Circular, Mr. Jenkins also holds options exercisable into an aggregate of 240,00 Subordinate Voting Shares.

(4) This entity is controlled and directed by Roger Jenkins. Mr. Jenkins is a managing member of Linnaeus Management Services, LLC.

(5) Mr. Hawkins holds an aggregate of 56,070 Multiple Voting Shares indirectly through Cresco Capital Partners II, LLC, 385,542 Subordinate Voting Shares indirectly through CCP FLRISH, LLC, 697,638 Subordinate Voting Shares indirectly through Cresco Capital Partners II, LLC and 96,385 Subordinate Voting Shares indirectly through Cresco Capital Partners, LLC. As at the date of this Circular, Mr. Hawkins also holds options exercisable into an aggregate of 333,350 Subordinate Voting Shares directly and warrants exercisable into an aggregate of 35,500 Multiple Voting Shares indirectly through Cresco Capital Partners II, LLC. Cresco Capital Partners II, LLC and entities controlled by Cresco Capital Partners II, LLC hold 279,631 shares of Urbn Leaf Common Stock and are expected to receive between approximately 3,900,000 and 4,600,000 Subordinate Voting Shares as Urbn Leaf Merger Consideration. See Note 8 below.

(6) Mr. Sturner holds an aggregate of 56,070 Multiple Voting Shares indirectly through Cresco Capital Partners II, LLC, 1,251 Multiple Voting Shares indirectly through Orange Island Ventures, LLC, 385,542 Subordinate Voting Shares indirectly through CCP FLRISH, LLC, 697,638 Subordinate Voting Shares indirectly through Cresco Capital Partners II, LLC and 96,385 Subordinate Voting Shares indirectly through Cresco Capital Partners, LLC. As at the date of this Circular, Mr. Sturner also holds options exercisable into an aggregate of 130,000 Subordinate Voting Shares directly and warrants exercisable into an aggregate of 36,751 Multiple Voting Shares indirectly through Cresco Capital Partners II, LLC and Orange Island Ventures, LLC. Cresco Capital Partners II, LLC and entities controlled by Cresco Capital Partners II, LLC hold 279,631 shares of Urbn Leaf Common Stock and are expected to between approximately 3,900,000 and 4,600,000 Subordinate Voting Shares as Urbn Leaf Merger Consideration. See Note 8 below.

(7) This entity does business as Entourage Effect Capital and is controlled and directed by Matthew Hawkins and Andrew Sturner, directors of Harborside. Both Mr. Hawkins and Mr. Sturner are partners at Entourage Effect Capital. As at the date of this Circular, Cresco Capital Partners II, LLC also hold warrants exercisable into an aggregate of 35,500 Multiple Voting Shares.

(8) Cresco Capital Partners holds 279,631 shares of Urbn Leaf Common Stock. Based on the agreed upon equity values of Harborside and Urbn Leaf, respectively, as of November 29, 2021, and the projected issuance of approximately 60,000,000 Subordinate Voting Shares as the Urbn Leaf Merger Consideration (prior to giving effect to the proposed Consolidation), it is anticipated that between approximately 3,900,000 and 4,600,000 Subordinate Voting Shares will be issued to Cresco Capital Partners II LLC and entities controlled by Cresco Capital Partners II LLC, based on the Subordinate Voting Shares outstanding as of the Record Date and assuming the issuance of an aggregate of 151,427,786 Subordinate Voting Shares as consideration under the Mergers. The precise number of Subordinate Voting Shares issuable pursuant to the Urbn Leaf Merger is subject to change as described in the section "*Details of the Loudpack Merger – Calculation of Harborside and Urbn Leaf Equity Values*".

Auditor, Transfer Agent and Registrar

Following the Mergers, the auditor of the Combined Company will be Armanino LLP, located in Toronto, Ontario, which is the current auditor of Harborside.

Following the Mergers, the registrar and transfer agent for the Combined Company will be Odyssey Trust Company, located in Toronto, Ontario, which is the current registrar and transfer agent of Harborside.

Material Contracts

Other than as disclosed in this Circular or in the documents incorporated by reference herein with respect to Harborside, there are no contracts to which the Combined Company will be a party to following completion of the Mergers that can reasonably be regarded as material to a potential investor,

other than contracts entered into by Harborside, Loudpack and Urbn Leaf in the ordinary course of business. For a description of the material contracts of Harborside, Loudpack, and Urbn Leaf please refer to "Appendix J – *Information Concerning Harborside*" and the Harborside AIF which is incorporated by reference in this Circular and available on SEDAR under Harborside's issuer profile, "Appendix K – *Information Concerning Loudpack*" and "Appendix L – *Information Concerning Urbn Leaf*".

Risk Factors

The business and operations of the Combined Company following completion of the Mergers will continue to be subject to the risks currently faced by Harborside, Loudpack and Urbn Leaf, as well as certain risks unique to the Combined Company following completion of the Mergers.

Readers should carefully consider the risk factors described under the heading "*Risk Factors*" in the Harborside AIF, which is incorporated by reference in this Circular and available on SEDAR under Harborside's issuer profile as well as the risk factors set forth under "*Risk Factors*" in this Circular. If any of the identified risks were to materialize, the Combined Company's business, financial position, results and/or future operations may be materially affected.

Harborside Shareholders should also carefully consider all of the information disclosed in this Circular and the documents incorporated by reference in this Circular.

The risk factors that are identified in this Circular and the documents incorporated by reference in this Circular are not exhaustive and other factors may arise in the future that are currently not foreseen that may present additional risks in the future.

APPENDIX N
LOUDPACK AUDITED ANNUAL FINANCIAL STATEMENTS

(see attached)

LPF JV, LLC AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019

(Expressed in United States Dollars Unless Otherwise Stated)

To the Board of Directors of LPF JV, LLC and Subsidiaries:

The accompanying consolidated financial statements were prepared by management of LPF JV, LLC and Subsidiaries (the "Company"), reviewed by and approved by the Board of Directors of the Company.

Management is responsible for the consolidated financial statements and believes that they fairly present the Company's financial condition and results of operation in conformity with International Financial Reporting Standards. Management has included in the Company's consolidated financial statements amounts based on estimates and judgments that it believes are reasonable, under the circumstances.

To discharge its responsibilities for financial reporting and safeguarding of assets, management believes that it has established appropriate systems of internal accounting control which provide reasonable assurance that the financial records are reliable and form a proper basis for the timely and accurate preparation of financial statements. Consistent with the concept of reasonable assurance, the Company recognizes that the relative cost of maintaining these controls should not exceed their expected benefits. Management further assures the quality of the financial records through careful selection and training of personnel and through the adoption and communication of financial and other relevant policies.

These consolidated financial statements have been audited by our auditors, Marcum LLP and their report is presented herein.

/s/ Marc Ravner		/s/ Keith Adams	
Chief Executive Officer		*Chief Financial Officer*	

April 7, 2021

INDEPENDENT AUDITOR'S REPORT:

CONSOLIDATED FINANCIAL STATEMENTS:

MARCUM
ACCOUNTANTS ▲ ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
LPF JV LLC and Subsidiaries

Opinion

We have audited the consolidated financial statements of LPF JV LLC and Subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and December 31, 2019, and the consolidated statements of operations and comprehensive loss, the consolidated statements of changes in members' (deficit) equity and the consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2020 and December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRSs").

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 Consolidated 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 consolidated 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 2 in the consolidated financial statements, which describes events and conditions that indicate the existence of a material uncertainty that casts substantial doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

New York, NY
April 7, 2021

LPF JV, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020 AND 2019
(Amounts Expressed in United States Dollars Unless Otherwise Stated)

		2020	2019
ASSETS			
Current Assets:			
Cash		$ 986,121	$ 1,530,120
Restricted Cash	*Note 3*	757,330	757,330
Accounts Receivable, Net	*Note 4*	4,066,446	6,252,820
Prepaid Expenses and Other Receivables		1,596,303	82,972
Biological Assets	*Note 5*	1,925,578	1,496,766
Inventories	*Note 6*	14,971,861	15,318,324
Total Current Assets		24,303,639	25,438,332
Property and Equipment, Net	*Note 7*	71,166,756	72,033,485
Intangible Assets, Net	*Note 8 and 9*	8,109,329	14,211,969
Goodwill	*Note 9 and 10*	8,552,417	8,552,417
Deposits and Other Long-Term Assets		352,460	167,480
TOTAL ASSETS		**$ 112,484,601**	**$ 120,403,683**
LIABILITIES AND MEMBERS' (DEFICIT) EQUITY			
LIABILITIES:			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	*Note 11*	$ 22,087,795	$ 26,401,924
Excise and Cultivation Tax Liability - Short Term	*Note 12*	14,755,426	5,285,800
Derivative Liability	*Note 16*	269,126	405,000
Acquisition Payable	*Note 9*	-	6,371,000
Related Party Payables	*Note 18*	1,026,137	1,930,071
Current Portion of Lease Liabilities	*Note 13*	610,925	866,756
Current Portion of Notes Payable	*Note 14*	13,945,369	16,399,283
Current Portion of Convertible Debentures	*Note 15*	-	52,362,517
Total Current Liabilities		52,694,778	110,022,351
Non-Current Liabilities:			
Excise and Cultivation Tax Liability	*Note 12*	15,599,905	20,845,116
Deferred Income Tax Liability	*Note 20*	118,301	-
Related Party Payables - Long Term	*Note 18*	4,263,010	3,265,681
Lease Liabilities, Net of Current Portion	*Note 13*	3,616,879	5,427,871
Notes Payable, Net of Current Portion	*Note 14*	1,952,407	2,010,362
Convertible Debentures, Net of Current Portion	*Note 15*	70,948,568	-
Total Non-Current Liabilities		96,499,070	31,549,030
TOTAL LIABILITIES		149,193,848	141,571,381
MEMBERS' (DEFICIT) EQUITY:			
Total Equity Attributable to Members' of LPF JV, LLC	*Note 16*	(36,709,247)	(21,107,303)
Total Equity Attributable to Non-Controlling Members	*Note 17*	-	(60,395)
TOTAL MEMBERS' (DEFICIT) EQUITY		(36,709,247)	(21,167,698)
TOTAL LIABILITIES AND MEMBERS' (DEFICIT) EQUITY		**$ 112,484,601**	**$ 120,403,683**

Nature of Operations *(Note 1)*
Commitments and Contingencies *(Note 22)*
Subsequent Events *(Note 25)*

Approved and authorized for issue on behalf of the Board of Directors on April 7, 2021:

"Marc Ravner"
Chief Executive Officer

"Keith Adams"
Chief Financial Officer

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

LPF JV, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Amounts Expressed in United States Dollars Unless Otherwise Stated)

		2020	2019
Revenue, Net		$ 78,215,857	$ 65,507,103
Cost of Goods Sold		60,741,915	61,517,172
Gross Income Before Fair Value Adjustment		17,473,942	3,989,931
Unrealized Gain on Changes in Fair Value of Biological Assets	*Note 5*	5,487,524	7,530,955
Realized Fair Value on Inventory Sold		(3,128,000)	(4,220,573)
Gross Profit		19,833,466	7,300,313
Expenses:			
General and Administrative	*Note 19*	11,045,475	19,893,551
Sales and Marketing		7,558,192	8,190,042
Excise & Cultivation Tax Penalties and Interest	*Note 12*	2,908,810	8,748,105
Acquisition Related Costs	*Note 9*	-	75,993
Depreciation and Amortization	*Note 7 and 8*	2,856,552	3,376,852
Total Expenses		24,369,029	40,284,543
Loss from Operations		(4,535,563)	(32,984,230)
Other Income (Expense):			
Other Income, Net		555,124	(509,419)
Restructuring Fees	*Note 15*	(4,099,089)	-
Impairment of Intangibles	*Note 8*	(5,229,000)	(1,810,000)
Impairment of Assets	*Note 14*	(2,000,500)	-
Casualty Income Relating to Greenhouse Fire, Net	*Note 7*	-	9,782,378
Casualty Income Relating to Crop Loss	*Note 6*	466,431	-
Change in Fair Value of Financial Instruments	*Note 9 and 15*	3,062,517	3,488,483
Interest Expense		(8,251,832)	(8,300,763)
Total Other (Loss) Income, net		(15,496,349)	2,650,679
Net Loss Before Non-Controlling Interest		(20,031,912)	(30,333,551)
Provision for Income Taxes	*Note 20*	245,136	-
Net Loss and Comprehensive Loss		(20,277,048)	(30,333,551)
Net Loss and Comprehensive Loss Attributable to Non-Controlling Interest	*Note 17*	(1,104)	(9,087)
Net Loss and Comprehensive Loss Attributable to LPF JV, LLC		**$ (20,275,944)**	**$ (30,324,464)**

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

LPF JV, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' (DEFICIT) EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Amounts Expressed in United States Dollars Unless Otherwise Stated)

	TOTAL EQUITY ATTRIBUTABLE TO MEMBERS' OF LPF JV, LLC	NON-CONTROLLING INTEREST	TOTAL MEMBERS' (DEFICIT) EQUITY
BALANCE, AS OF January 1, 2019	**$ 2,225,161**	**$ (51,308)**	**$ 2,173,853**
Net Loss	(30,324,464)	(9,087)	(30,333,551)
Equity Issuance for Business Combination	6,992,000	-	6,992,000
BALANCE, AS OF DECEMBER 31, 2019	**$ (21,107,303)**	**$ (60,395)**	**$ (21,167,698)**
Net Loss	(20,275,944)	(1,104)	(20,277,048)
Loss of Control	-	61,499	61,499
Settlement of Acquisition Payable	4,674,000	-	4,674,000
BALANCE, AS OF DECEMBER 31, 2020	**$ (36,709,247)**	**$ -**	**$ (36,709,247)**

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

LPF JV, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Amounts Expressed in United States Dollars Unless Otherwise Stated)

	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES:		
Net Loss	$ (20,277,048)	$ (30,333,551)
Adjustments to Reconcile Net Loss and Comprehensive Loss to Net Cash (Used in) Operating Activities:		
Depreciation and Amortization	3,900,238	4,296,917
Non-cash interest Expense	(135,874)	378,000
Non-Controlling Interest Loss of Control	61,499	-
Change in Fair Value of Financial Instruments	(3,062,517)	(3,488,483)
Gain on Lease Modification	(633,069)	-
Unrealized Gain on Changes in Fair Value of Biological Assets	(5,487,524)	(7,530,955)
Realized Fair Value on Inventory Sold	3,128,000	4,220,573
Casualty (Gain) Loss Related to Greenhouse Fire	-	(9,882,378)
Loss on Disposal of Property and Equipment	369,860	545,058
Impairment of Intangible Assets	5,229,000	1,810,000
Impairment of Assets	2,000,500	-
Excise Tax Penalty and Interest	2,908,810	8,748,105
Lease Interest Compounded to Principal	710,872	935,817
Provision for Inventories	(396,492)	400,000
Deferred Income Tax Liabilities	118,301	-
Accrued Interest Paid in Kind	864,051	-
Bad Debt	1,014,906	1,532,290
Changes in Operating Assets and Liabilities		
Accounts Receivable	1,171,468	(4,879,441)
Prepaid expenses and Other Receivables	(1,513,331)	1,578,214
Biological Assets	1,930,712	2,590,976
Inventories	742,955	(11,002,183)
Deposits and Other Long-Term Assets	(184,980)	505
Accounts Payable and Accrued Liabilities	6,010,447	15,009,177
Related Party Payables	3,874	431,950
Deferred Excise Tax Liabilities	1,315,605	12,974,818
NET CASH (USED IN) OPERATING ACTIVITIES	**(209,737)**	**(11,664,591)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from Insurance and Sale of Property and Equipment	-	10,485,125
Release of Restricted Cash	-	16,090,226
Purchases of Property and Equipment	(3,613,589)	(2,455,574)
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(3,613,589)	24,119,777
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Issuance of Notes Payable	993,344	8,724,731
Payment of Notes Payable	(331,211)	(20,133,157)
Proceeds from Issuance of Convertible Debentures	3,250,000	-
Lease Liability Payments	(632,806)	(801,881)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	3,279,327	(12,210,307)
NET (DECREASE) INCREASE IN CASH	(543,999)	244,879
Cash, Beginning of Period	1,530,120	1,285,241
CASH, END OF PERIOD	$ 986,121	$ 1,530,120
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest Paid	$ 3,585,666	$ 2,654,923
OTHER NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Issuance of Notes for Purchase of Property and Equipment	$ 427,960	$ 174,293
Accrued Interest and Payables Converted to Convertible Debentures	$ 8,662,588	$ -
Conversion of Notes Payable and Accrued Interest to Equity	$ 4,674,000	$ -
Conversion of Related Party Notes Payable and Accrued Interest to Notes Payable	$ 350,000	$ -
Conversion of Notes Payable to Convertible Debentures	$ 7,174,929	$ -

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

1. NATURE OF OPERATIONS

LPF JV, LLC and Subsidiaries (the "Company") was formed under the laws of the State of California as a limited liability company on August 2, 2016. The managing member of the Company is LPF Investor, LLC (the "MJH Member" or "Manager"), and GWC Holdings II, LLC (the "GWC Member") is a member of Company. The Company's registered office is located at 2300 Sepulveda Blvd, Los Angeles, California 90064.

The Company is a licensed cannabis operator engaged in cultivating, manufacturing, and distributing medical and adult use cannabis products in the wholesale market and began operations in 2018. The liability of each member of the Company is limited to the member's capital account and the assets of the Company. The Company will continue as a separate legal entity until cancellation of the Articles of Organization. A complete list of the Company's subsidiaries and affiliates is included in Note 2 below.

The Company operates in California where cannabis has been legalized at the state level for medicinal and recreational use. Marijuana is not classified as a legal substance at the Federal level in the United States as of December 31, 2020; refer to Note 22 for additional details.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The 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 IFRS Interpretations Committee ("IFRIC") in effect for the years ended December 31, 2020 and 2019.

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on April 7, 2021.

Liquidity and Going Concern

These consolidated financial statements have been prepared with the assumption 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. As of December 31, 2020, the Company had not achieved profitable operations and had incurred a loss of $20,277,048 for the year ended December 31, 2020 compared to a loss of $30,333,551 for the year ended December 31, 2019. In addition, it had cash used in operating activities of $209,737 and $11,664,591 for the years ended December 31, 2020 and 2019, respectively, and a working capital deficit of $28,391,139 as of December 31, 2020. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. While the Company has been successful in raising the necessary funding to continue operations in the past, there no indication that it will continue to be able to do so in the future. These factors indicate the existence of a substantial doubt as to the Company's ability to continue as a going concern. The Company has been able to restructure its convertible notes with holders and has successfully extended the maturity until December 31, 2022. In addition, the Company converted its $4,674,000 acquisition payable into equity of the Company in June 2020. These consolidated financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) Basis of Presentation *(Continued)*

COVID-19

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. While the ultimate severity of the outbreak and its impact on the economic environment is uncertain, the Company is monitoring this closely. In the event that the Company were to experience widespread transmission of the virus at one or more of the Company's facilities, the Company could suffer reputational harm or other potential liability. Further, the Company's business operations may be materially and adversely affected if a significant number of the Company's employees are impacted by the virus.

(b) Basis of Measurement

These consolidated financial statements have been prepared on the going concern basis, under the historical cost convention. Biological assets are measured at fair value less costs to sell and certain financial instruments are measured at fair value.

(c) Functional Currency

The Company and its subsidiaries functional currency, as determined by management, is the United States ("U.S.") dollar. These consolidated financial statements are presented in U.S. dollars.

(d) Basis of Consolidation

As of December 31, 2020 and December 31, 2019, these consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries and entities over which the Company has control as defined in IFRS 10. Entities over which the Company has control are fully consolidated from the date control commences until the date control ceases. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities. In assessing control, potential voting rights that are currently exercisable are taken into account. All of the consolidated entities were under common control during the entirety of the periods for which their respective results of operations were included in the consolidated statements (i.e., from the date of their acquisition). All intercompany balances and transactions are eliminated on consolidation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Basis of Consolidation *(Continued)*

The following are the Company's wholly-owned subsidiaries that are included in these consolidated financial statements as of December 31, 2020 and 2019:

Subsidiaries	Location	Purpose
Greenfield Organix, Inc.	Greenfield, CA	Cultivation and Manufacturing
Greenfield Prop Owner II, LLC	Greenfield, CA	Real Estate
Greenfield Prop Owner, LLC	Greenfield, CA	Real Estate
LPF North, LLC	Redway, CA	Real Estate
LP-KP IP Holdings, LLC	Greenfield, CA	Intellectual Property
Benmore LPFN, LLC	Lakeport, CA	Real Estate
LPF RE Manager, LLC	Greenfield, CA	Employees
LPF 4th Street, LLC	Greenfield, CA	Real Estate
CDRS Owner, LLC	New York, NY	Real Estate
LPF Consulting Group, LLC	Beverly Hills, CA	Holds Equipment
CDRS Investor, LLC	New York, NY	Investment
Gilded Creek Partners, Inc.	City of Redway, CA	License Holder
LPF Michigan, LLC	Lansing, MI	Real Estate
LPF Ohio, LLC	New York, NY	Investment
Altum LPF, LLC	Arcata, CA	Real Estate
LPF Bellflower, LLC	New York, NY	Investment
Evergreen LPFN, LLC	New York, NY	Real Estate
Humboldt Partner Group, Inc. dba Altum Mind	Arcata, CA	Distribution

Affiliates are entities controlled by the Company, in which the Company does not hold direct ownership but has the power to control the operation of the entities. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The financial statements of affiliates are included in the financial statements from the date that control commences until the date that control ceases. All inter-company transactions, balances, income and expenses are eliminated in full upon consolidation. These consolidated financial statements included the accounts of the Company and its affiliates for the year ended December 31, 2020 and 2019:

Affiliates	Location	Purpose
Mondo California, Inc.	City of Redway, CA	License Holder
Redhunt Corporation	Greenfield, CA	License Holder
Auric Valley, Inc.	Greenfield, CA	License Holder
Honey Pot JV, LLC	Greenfield, CA	Cannabis Brand and Intellectual property Company
Lansing Partners, LLC	Lansing, MI	License Holder
NRC CDRS Owner, LLC	New York, NY	Investment
PDLP JV, LLC	West Hollywood, CA	Investment
CDRS JV, LLC	LaJolla, CA	Investment

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Cash

Cash includes cash deposits in financial institutions and other deposits that are readily convertible into cash.

(f) Accounts Receivable

The Company reviews all outstanding accounts receivable for collectability on a quarterly basis. An allowance for doubtful accounts is recorded for any amounts expected to be uncollectable. The Company does not accrue interest receivable on past due accounts receivable. For the years ended December 31, 2020 and 2019, the Company accrued an allowance for doubtful accounts of $994,204 and $1,120,966 respectively, which are included in accounts receivable on the statements of financial position.

(g) Biological Assets

The Company expenses the direct and indirect costs incurred related to the biological transformation of the biological assets between the point of initial recognition and the point of harvest. The Company then measures the biological assets at fair value less cost to sell in accordance with International Accounting Standard ("IAS") 41, "Agriculture" up to the point of harvest, which becomes the initial basis for the cost of finished goods inventories after harvest. Any subsequent post-harvest costs are capitalized to inventory to the extent that cost is less than net realizable value. The net unrealized gains or losses arising from changes in fair value less cost to sell during the year are included in the statement of operations of the related year.

(h) Inventories

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. Net realizable value is determined as the estimated selling price in the ordinary course of business less estimated costs to sell. Biological assets are transferred into inventory at their fair value at the point of harvest, which becomes the cost of the inventory. Packaging and supplies are initially valued at cost. The Company reviews inventory for obsolete, redundant and slow-moving goods and any such inventory is written down to net realizable value. As of December 31, 2020 and 2019, the Company determined that an inventory reserve of $220,608 and $617,100, respectively, was necessary.

(i) Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation and impairment losses, if any. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset using the following terms and methods:

Land	Not Depreciated
Buildings and Improvements	10 – 39 Years
Manufacturing Equipment	7 Years
Vehicles	7 Years
Office Equipment	5 Years
Leasehold Improvements	Shorter of Useful Life or Remaining Life of Lease
Construction in Progress	Not Depreciated

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Property and Equipment *(Continued)*

The assets' residual values, useful lives and methods of depreciation are reviewed at each reporting period and adjusted prospectively if appropriate. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the consolidated statements of operations and comprehensive loss in the period the asset is derecognized.

(j) Intangible Assets

Intangible assets are recorded at cost, less accumulated amortization and impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Amortization of definite life intangibles is recorded on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any.

Licenses	Indefinite Lived
Customer Relationships	5 Years
Brand Names	5 to 15 Years
Non-Compete Agreement	5 Years

(k) Goodwill

Goodwill represents the excess of the purchase price paid for the acquisition of a business over the fair value of the net tangible and intangible assets acquired. Goodwill is allocated to the cash-generating unit ("CGU") or CGUs which are expected to benefit from the synergies of the combination.

Impairment of Goodwill and Indefinite Life Intangibles

Goodwill and indefinite life intangibles are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Impairment is determined for goodwill and indefinite life intangibles by assessing if the carrying value of a CGU or group of CGUs, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs of disposal and the value-in-use. Impairment losses recognized in respect of a CGU or group of CGUs are first allocated to the carrying value of goodwill and indefinite life intangibles and any excess is allocated to the carrying amount of assets in the CGU. Any impairment loss is recognized in the Consolidated Statements of Operations and Comprehensive Loss in the period in which the impairment is identified. Impairment losses on goodwill intangibles are not subsequently reversed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Impairment of Long-Lived Assets

The Company evaluates the carrying value of long-lived assets at the end of each reporting period whether there is any indication that a long-lived asset is impaired. Such indicators include evidence of physical damage, indicators that the economic performance of the asset is worse than expected, decline in asset value that is more than the passage of time or normal use, or significant changes occur with an adverse effect on the Company's business. If any such indication exists, the Company estimates the recoverable amount of the asset, which is determined as the higher of the asset's fair value less costs of disposal and its value-in-use. Fair value is determined in accordance with IFRS 13, *"Fair Value Measurement"*. Costs of disposal are the direct added costs only. Value-in-use is assessed based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects applicable market and economic conditions, the time value of money and the risks specific to the asset. An asset is impaired when its carrying amount exceeds its recoverable amount. The Company measures impairment based on the amount by which the carrying value exceeds the estimated recoverable amount of the long-lived asset (See Note 7 and 8).

(m) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(n) Leases

A lease is recognized as a right-of-use asset and corresponding liability at the commencement date. Each lease payment included in the lease liability is apportioned between the repayment of the liability and interest expense. The interest expense is recognized over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability. Lease liabilities represent the net present value of fixed lease payments; variable lease payments based on an index, rate, or subject to a fair market value renewal condition; amounts expected to be payable by the lessee under residual value guarantees; the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and payments of penalties for terminating the lease, if it is probable that the lessee will exercise that option.

IFRS 16 was adopted under the early adoption provision of IFRS 16. In accordance with IFRS 16, the satisfaction of a performance obligation under IFRS 15 is applied to sale and leaseback transactions. As the seller-lessee, the Company measures the right-of-use asset arising from the transaction at the proportion of the previous carrying amount of the asset that relates to the right of use retained. The Company only recognizes the gain or loss that relates to the rights transferred to the buyer-lessor. Adjustments are made to measure the sale proceeds at fair value in which any below-market terms are accounted for as a prepayment of lease payments and any above-market terms are accounted for as an additional financing cost. Adjustments for any off-market terms are on the more readily determinable basis of the difference between the fair value of the consideration for the sale and the fair value of the asset, and the difference between the present value of the contractual payments for the lease and the present value of lease payments at market rates.

The Company's lease liability is recognized net of lease incentives receivable. The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the lessee's incremental borrowing rate. The period over which the lease payments are discounted is the expected lease term, including renewal and termination options that the Company is reasonably certain to exercise.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Leases *(Continued)*

Payments associated with short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis in general and administrative expenses in the consolidated statement of operations and comprehensive loss. Short-term leases are defined as leases with a lease term of twelve months or less. Variable lease payments that do not depend on an index, rate, or subject to a fair market value renewal condition are expensed as incurred and recognized in costs of goods sold and general and administrative expenses.

Right-of-use assets are measured at cost, which is calculated as the amount of the initial measurement of lease liability plus any lease payments made at or before the commencement date, any initial direct costs and related restoration costs. The right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term or economic life, which ranged between 15 to 32 years. Depreciation is recognized from the commencement date of the lease.

(o) Income Taxes

For the years ended December 31, 2020 and 2019, the Company and the majority of its consolidated subsidiaries are considered Limited Liability Companies for income tax purposes. As such, the Company's and its subsidiaries' taxable income is allocated to the Members for inclusion on their respective income tax returns.

As of December 31, 2020 and 2019, the consolidated subsidiaries included, Greenfield Organix, Inc. a corporation taxed as a C-corporation and Humboldt Partners Group, Inc. a corporation taxed as a C-corporation. Tax expense recognized in profit or loss comprises the sum of current and deferred taxes not recognized in other comprehensive loss or directly in equity. (See Note 20)

Current Tax

Current tax assets and/or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Non-Controlling Interest

Non-controlling interest represents equity interests owned by parties that are not members and/or shareholders of the ultimate parent. The share of net assets attributable to non-controlling interests is presented as a component of equity. Their share of net income or loss is recognized directly in equity.

(q) Revenue Recognition

Revenue consists of distribution sales of cannabis and cannabis-infused products. The Company recognizes revenue in accordance with IFRS 15, "*Revenue from Contracts with Customers"* and it is measured based on the consideration the Company expects to be entitled to in exchange for selling products to its customers. The five steps to the new revenue recognition approach are the following:

1) Identify the contract with the customer;
2) Identify the performance obligations;
3) Determine the transaction price;
4) Allocate the transaction price based on the performance obligations; and
5) Recognize revenue based on the performance obligations.

Distribution Revenue

Distribution revenues impose single performance obligation, each consisted of similar related products for each customer. Revenue is recorded as performance obligation is satisfied at the point of acceptance of delivery. Distribution revenue is generally standard, with payment terms ranging from cash on delivery to Net 90.

Effective January 1, 2018, the California Department of Tax and Fee Administration ("CDTFA") began levying an excise tax on the sale of medical and adult use Cannabis Products. The Company becomes liable for these excise duties when cannabis products are received from cultivators and delivered to retailers. Net revenues from sale of goods, as presented on the consolidated statement of operations and comprehensive loss, represents revenue from the sale of goods excluding applicable excise taxes.

(r) Convertible Debentures

Convertible debentures are financial instruments that are accounted for separately dependent on the nature of their components. The identification of such components embedded within a convertible debenture requires significant judgment given that it is based on the interpretation of the substance of the contractual agreement. Where the conversion option has a fixed conversion rate, the financial liability, which represents the obligation to pay coupon interest on the convertible debentures in the future, is initially measured at its fair value and subsequently measured at amortized cost. The residual amount is accounted for as an equity instrument at issuance. Where the conversion option has a variable conversion rate, the conversion option is recognized as a derivative liability measured at fair value. The determination of the fair value is also an area of significant judgment given that it is subject to various inputs, assumptions and estimates including: contractual future cash flows, discount rates, credit spreads and volatility.

Fees directly attributable to the transactions are expensed as they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Business Combinations

In October 2018, the IASB issued amendments to IFRS 3, *"Business Combinations"*. The amendments clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and outputs, and introduce an optional fair value concentration test. The amendments to IFRS 3 are effective for annual reporting periods beginning on or after January 1, 2020 and apply prospectively, with earlier application permitted. The Company early adopted this provision as of January 1, 2018. The adoption of the amendment to IFRS 3 did not have a material impact on the Company.

A business combination is a transaction or event in which an acquirer obtains control of one or more businesses and is accounted for using the acquisition method. The total consideration paid for the acquisition is the aggregate of the fair values of assets given, liabilities incurred or assumed, and equity instruments issued in exchange for control of the acquiree at the acquisition date. The acquisition date is the date where the Company obtains control of the acquiree. The identifiable assets acquired and liabilities assumed are recognized at their acquisition date fair values, except for deferred taxes and share-based payment awards where IFRS provides exceptions to recording the amounts at fair value. Acquisition costs are expensed to profit or loss.

Contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

Based on the facts and circumstances that existed at the acquisition date, management will perform a valuation analysis to allocate the purchase price based on the fair values of the identifiable assets acquired and liabilities assumed on the acquisition date. Management has one year from the acquisition date to confirm and finalize the facts and circumstances that support the finalized fair value analysis and related purchase price allocation. Until such time, these values are provisionally reported and are subject to change. Changes to fair values and allocations are retrospectively adjusted in subsequent periods.

In determining the fair value of all identifiable assets acquired and liabilities assumed, the most significant estimates generally relate to contingent consideration and intangible assets. Management exercises judgment in estimating the probability and timing of when earn-outs are expected to be achieved, which is used as the basis for estimating fair value. Identified intangible assets are fair valued using appropriate valuation techniques which are generally based on a forecast of the total expected future net cash flows of the acquiree. Valuations are highly dependent on the inputs used and assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

Acquisitions that do not meet the definition of a business combination are accounted for as asset acquisitions. Consideration paid for an asset acquisition is allocated to the individual identifiable assets acquired and liabilities assumed based on their relative fair values. Asset acquisitions do not give rise to goodwill.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(t) Financial instruments

The Company accounts for financial instruments under IFRS 9, *"Financial Instruments"*. IFRS 9 introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. IFRS 9 also amends the requirements around hedge accounting, and introduces a single, forward-looking expected loss impairment model.

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories: (i) those to be measured subsequently at fair value through profit or loss ("FVTPL"); (ii) those to be measured subsequently at fair value through other comprehensive income ("FVOCI"); and (iii) those to be measured subsequently at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains or losses are either recorded in profit or loss or other comprehensive income.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered separately when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(t) Financial instruments *(Continued)*

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit loss associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset at the reporting date with the risk of default at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information. For accounts receivable only, the Company applies the simplified approach as permitted by IFRS 9. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable.

Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due to the Company under the contract, and the cash flows that the Company expects to receive. The Company assesses all information available, including past due status, credit ratings, the existence of third-party insurance, and forward-looking macro-economic factors in the measurement of the expected credit losses associated with its assets carried at amortized cost.

The Company measures expected credit loss by considering the risk of default over the contract period and incorporates forward-looking information into its measurement.

Summary of the Company's Classification and Measurements of Financial Assets and Liabilities

	IFRS 9		IAS 39	
	Classification	Measurement	Classification	Measurement
Cash	FVTPL	Fair Value	Loans and Receivables	Amortized Cost
Restricted Cash	FVTPL	Fair Value	Loans and Receivables	Amortized Cost
Accounts Receivable, Net	Amortized Cost	Amortized Cost	Loans and Receivables	Amortized Cost
Accounts Payable and Accrued Liabilities	Amortized Cost	Amortized Cost	Other Liabilities	Amortized Cost
Derivative Liability	FVTPL	Fair Value	FVTPL	Fair Value
Related Party Payables	Amortized Cost	Amortized Cost	Other Liabilities	Amortized Cost
Lease Liabilities	Amortized Cost	Amortized Cost	Other Liabilities	Amortized Cost
Notes Payable	Amortized Cost	Amortized Cost	Other Liabilities	Amortized Cost
Convertible Debentures	FVTPL	Fair Value	Other Liabilities	Fair Value
Acquisition Payable	FVTPL	Fair Value	Other Liabilities	Fair Value

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(u) Significant Accounting Judgements, Estimates and Assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are described below.

(i) Estimated Useful Lives, Depreciation of Property and Equipment and Amortization of Intangible Assets

Depreciation of property and equipment is dependent upon estimates of useful lives which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Amortization of intangible assets is dependent upon estimates of useful lives and residual values which are determined through the exercise of judgment. Intangible assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions.

(ii) Biological Assets

In calculating the value of biological assets and inventory, management is required to make a number of estimates, including the stage of growth of the plant up to the point of harvest, harvesting costs, selling costs, average or expected selling and list prices, expected yields for the plants, and oil conversion factors. See *"Note 5 – Biological Assets"* for further information on estimates used in determining the fair value of biological assets.

(iii) Business Combinations

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. Contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Management exercises judgment in estimating the probability and timing of when earn-outs are expected to be achieved which is used as the basis for estimating fair value. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. See *"Note 9 – Acquisitions"*.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(u) Significant Accounting Judgements, Estimates and Assumptions *(Continued)*

(iv) Compound Financial Instruments and Embedded Derivatives

The identification of components embedded within financial instruments is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition of the financial instruments at issuance and the subsequent recognition of interest on the liability component. Where the conversion option has a variable conversion rate, the conversion option is recognized as a derivative liability measured at fair value through profit or loss. The residual amount is recognized as a financial liability and subsequently measured at amortized cost. The determination of the fair value is also based on a number of assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments.

(v) Goodwill Impairment

When determining the recoverable amount of the CGU or CGUs to which goodwill is allocated, the Company relies on a number of factors, including historical results, business plans, forecasts and market data. Changes in the conditions for these judgments and estimates can significantly affect the recoverable amount.

(vi) Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences, and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(u) Significant Accounting Judgements, Estimates and Assumptions *(Continued)*

(vii) Fair Value of Financial Instruments

The individual fair values attributed to the different components of a financing transaction, notably derivative financial instruments, convertible debentures and loans, are determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and derive estimates. Significant judgment is also used when attributing fair values to each component of a transaction upon initial recognition, measuring fair values for certain instruments on a recurring basis and disclosing the fair values of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of instruments that are not quoted or observable in an active market. See *"Note 23 – Financial Instruments and Financial Risk Management*" for summaries of the Company's financial instruments as of December 31, 2020 and December 31, 2019.

(viii) Determination of CGUs

Goodwill and indefinite life intangibles are allocated to the CGU that represents the lowest level within the Company at which management monitors goodwill or indefinite life intangibles, and not at a level higher than an operating segment. The Company considers each distribution location and cultivation facility to be a CGU. For the purpose of impairment testing for goodwill, the Company allocates the goodwill to the group of CGU's expected to benefit from the synergies of the business combination which management has determined to be the state level. For the purpose of impairment testing for indefinite lived intangibles, the Company compares the lowest level CGU's carrying amount with its recoverable amount.

3. RESTRICTED CASH

Restricted cash balances are those that meet the definition of cash and cash equivalents but are not available for use by the Company. As of December 31, 2020 and 2019, restricted cash consisted of the following:

	2020	2019
Convertible Debt Proceeds Held in Trust	$ 49,277	$ 49,277
Tax Reserves	708,053	708,053
Total Restricted Cash	**$ 757,330**	**$ 757,330**

4. ACCOUNTS RECEIVABLE

Accounts receivable consists of both trade receivables incurred during the normal course of the Company's operations and excise taxes due from retailers from the sale of the Company's products. The detailed balances of both trade receivables and excise taxes due to the Company are as follows:

	2020	2019
Trade Accounts Receivable	$ 3,601,950	$ 6,201,621
Excise Taxes due the Company	464,496	51,199
Total Accounts Receivable	**$ 4,066,446**	**$ 6,252,820**

5. BIOLOGICAL ASSETS

Biological assets consist of live cannabis plants. A reconciliation of the beginning and ending balances of biological assets for the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
Balance, Beginning of Year	$ 1,496,766	$ 777,360
Unrealized Gain on Changes in Fair Value of Biological Assets	5,487,524	7,530,955
Transferred to Inventory Upon Harvest	(5,058,712)	(6,811,549)
Balance, End of Year	**$ 1,925,578**	**$ 1,496,766**

On average, the growing time for a full harvest approximates 14 weeks and 16 weeks for the years ended December 31, 2020 and 2019, respectively. As listed below, key estimates are involved in the valuation process of the cannabis plants. The Company's estimates are subject to changes that could result in future gains or losses of biological assets. Changes in estimates could result from volatility of sales prices, changes in yields, and variability of the costs necessary to complete the harvest.

The fair value of biological assets is considered a Level 3 categorization in the IFRS fair value hierarchy. The significant estimates and inputs used to assess the fair value of biological assets include the following assumptions:

- The selling prices, which are based on average market prices in the states where the Company operated during the years ended December 31, 2020 and 2019;
- The cost to complete the cannabis production process post-harvest and the cost to sell;
- The stage of plant growth; and
- Expected yields from each cannabis plant.

5. BIOLOGICAL ASSETS *(Continued)*

As of December 31, 2020 and 2019, management made the following estimates in its valuation model:

- The average market price of whole flower was $1,324 and $1,156 per pound, respectively;
- The estimated fair value less costs to sell of dry cannabis was $1,245 and $1,211 per pound, respectively;
- Biological assets were, on average, 53% (2020) and 46% (2019) complete based on the number of days remaining to harvest;
- The average harvest yield per cannabis plant was 0.16 pounds (2020) and 0.12 pounds (2019); and
- It is expected that the Company's biological assets as of December 31, 2020 and December 2019 will ultimately yield approximately 9,330 pounds and 3,539 pounds of cannabis, respectively.

The Company has quantified the sensitivity of the inputs in relation to the biological assets for the years ended December 31, 2020 and 2019 and expects the following effect on fair value:

Significant Inputs and Assumptions	Range of Inputs	Sensitivity	Effect on Fair Value as of: December 31, 2020	Effect on Fair Value as of: December 31, 2019
Estimated Selling Price Per Pound	$592 to $1,954 (2020) $1,224 to $1,353 (2019)	Increase 5% Decrease 5%	$ 112,054 $ (112,054)	$ 91,007 $ (91,007)
Estimated Yield Per Cannabis Plant	0.15 to 0.16 pounds (2020) 0.12 to 0.13 pounds (2019)	Increase 5% Decrease 5%	$ 96,279 $ (96,279)	$ 73,178 $ (73,178)

The Company's biological assets are primarily cannabis plants, and because there is no actively traded commodity market for plants or dried product, the valuation of these biological assets is obtained using valuation techniques where the inputs are based upon unobservable market data (Level 3 inputs). A slight increase in the estimated yield per plant would result in a significant increase in fair value, and vice versa.

6. INVENTORIES

As of December 31, 2020 and 2019, inventories consisted of the following:

	2020	2019
Harvested and Purchased Cannabis	$ 2,831,555	$ 2,460,924
Manufactured and Purchased Extracts	2,890,090	3,399,882
Packaging and Other Non-Finished Goods	2,169,505	1,513,140
Finished Goods	7,080,711	7,944,378
Total Inventories	**$ 14,971,861**	**$ 15,318,324**

During the years ended December 31, 2020 and 2019, inventory costs expensed to cost of goods sold were $60,741,915 and $61,517,172, respectively.

6. INVENTORIES *(Continued)*

During the year ended December 31, 2020, fires around the cultivation site in Greenfield, CA caused smoke damage to the growing crops. The Company recognized a loss of $567,813. A crop loss claim was submitted to the insurance carrier resulting in cash proceeds of $1,054,244.

7. PROPERTY AND EQUIPMENT

A reconciliation of the beginning and ending balances of property and equipment for the year ended December 31, 2020 is as follows:

	Land	Building	Right of Use Asset	Leasehold Improvements	Manufacturing Equipment	Furniture and Fixtures	Vehicles	Construction in Progress	Total
Cost									
Balance as of January 1, 2020	$ 15,142,290	$ 40,212,181	$ 5,831,190	$ 568,007	$ 6,032,735	$ 2,764,663	$ 855,600	$ 5,931,995	$ 77,338,661
Additions	-	37,054	-	17,435	866,057	209,216	186,835	2,724,952	4,041,549
Additions from business acquisitions	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	139,646	194,101	64,423	-	(398,170)	-
Disposals	-	-	(1,702,460)	-	-	(38,830)	(200,423)	(173,307)	(2,115,020)
Balance as of December 31, 2020	**$15,142,290**	**$40,249,235**	**$4,128,730**	**$ 725,088**	**$ 7,092,893**	**$2,999,472**	**$ 842,012**	**$ 8,085,470**	**$79,265,190**
Accumulated Depreciation									
Balance as of January 1, 2020	$ -	$ (2,459,478)	$ (571,677)	$ (50,340)	$ (1,694,854)	$ (406,507)	$ (122,320)	$ -	$ (5,305,176)
Depreciation Expense	-	(1,214,968)	(250,266)	(47,653)	(945,297)	(449,327)	(119,087)	-	(3,026,598)
Disposals	-	-	190,640	-	-	6,910	35,790	-	233,340
Balance as of December 31, 2020	**$ -**	**$ (3,674,446)**	**$ (631,303)**	**$ (97,993)**	**$ (2,640,151)**	**$ (848,924)**	**$ (205,617)**	**$ -**	**$ (8,098,434)**
Net Balance as of December 31, 2020	**$15,142,290**	**$36,574,789**	**$3,497,427**	**$ 627,095**	**$ 4,452,742**	**$2,150,548**	**$ 636,395**	**$ 8,085,470**	**$71,166,756**

A reconciliation of the beginning and ending balances of property and equipment for the year ended December 31, 2019 is as follows:

	Land	Building	Right of Use Asset	Leasehold Improvements	Manufacturing Equipment	Furniture and Fixtures	Vehicles	Construction in Progress	Total
Cost									
Balance as of January 1, 2019	$ 13,992,290	$ 39,056,747	$ 5,831,190	$ 484,173	$ 7,268,733	$ 704,158	$ 344,993	$ 6,312,275	$ 73,994,559
Additions	-	249,803	-	83,834	-	2,060,505	424,716	334,577	3,153,435
Additions from business acquisitions	1,150,000	831,500	-	-	75,609	-	85,891	-	2,143,000
Transfers	-	174,131	-	-	-	-	-	(174,131)	-
Disposals	-	(100,000)	-	-	(1,311,607)	-	-	(540,726)	(1,952,333)
Balance as of December 31, 2019	**$15,142,290**	**$40,212,181**	**$5,831,190**	**$ 568,007**	**$ 6,032,735**	**$2,764,663**	**$ 855,600**	**$ 5,931,995**	**$77,338,661**
Accumulated Depreciation									
Balance as of January 1, 2019	$ -	$ (1,266,339)	$ (281,509)	$ (6,720)	$ (824,173)	$ (75,816)	$ (32,303)	$ -	$ (2,486,860)
Depreciation Expense	-	(1,193,139)	(290,168)	(43,620)	(1,151,641)	(330,691)	(90,017)	-	(3,099,276)
Additions from business acquisitions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	280,960	-	-	-	280,960
Balance as of December 31, 2019	**$ -**	**$ (2,459,478)**	**$ (571,677)**	**$ (50,340)**	**$ (1,694,854)**	**$ (406,507)**	**$ (122,320)**	**$ -**	**$ (5,305,176)**
Net Balance as of December 31, 2019	**$15,142,290**	**$37,752,703**	**$5,259,513**	**$ 517,667**	**$ 4,337,881**	**$2,358,156**	**$ 733,280**	**$ 5,931,995**	**$72,033,485**

Greenhouse Fire

On July 23, 2018, a fire occurred at the Company's cultivation and manufacturing facility located in Greenfield, California. As a result of the fire, five of the eight greenhouse structures located at the facility were damaged and the biological assets housed in the greenhouses were destroyed. As of December 31, 2019, the net carrying value of the biological assets, property and equipment destroyed by the fire, totaling $15,959,728, was disposed. The Company filed an insurance claim to recover $15,000,000 in insurance proceeds related to the property loss, business income loss and the living plant loss. As of December 31, 2018, the $15,000,000 in insurance proceeds had been issued by the Company's insurers and was being held in an escrow account by the mortgage lender.

7. PROPERTY AND EQUIPMENT *(Continued)*

Greenhouse Fire *(continued)*

The mortgage lender repaid the balance to the Company in 2019. The Company recognized a casualty loss from the greenhouse fire of $859,728, inclusive of the biological assets destroyed, for the year ended December 31, 2019.

During the year ended December 31, 2019, the Company recognized additional loss from fire damage in the amount of $156,982. Additionally, the Company received an additional $10,000,000 from the insurance claim and recorded a gain of $9,882,378.

Depreciation expense of $1,045,472 and $920,202 was included in cost of goods sold for the year ended December 31, 2020 and 2019, respectively. As of December 31, 2020 and 2019, $198,381 and $228,024 was included in inventory.

8. INTANGIBLE ASSETS

A reconciliation of the beginning and ending balances of intangible assets for the years ended December 31, 2020 and 2019 is as follows:

	Customer Lists	Brand Names	Licenses	Non-Compete	Total
Cost					
Balance as of January 1, 2019	$ -	$ 9,913,000	$ -	$ -	$ 9,913,000
Additions from Business Combination	300,000	2,350,000	6,290,000	60,000	9,000,000
Impairment of Intangible Assets	(240,000)	(1,570,000)	-	-	(1,810,000)
Balance as of December 31, 2019	60,000	10,693,000	6,290,000	60,000	17,103,000
Impairment of Intangible Assets	-	(954,000)	(4,256,000)	(19,000)	(5,229,000)
Balance as of December 31, 2020	**$ 60,000**	**$ 9,739,000**	**$ 2,034,000**	**$ 41,000**	**$ 11,874,000**
Accumulated Amortization					
Balance as of January 1, 2019	$ -	$ (1,693,390)	$ -	$ -	$ (1,693,390)
Amortization Expense	(60,000)	(1,125,641)	-	(12,000)	(1,197,641)
Balance as of December 31, 2019	(60,000)	(2,819,031)	-	(12,000)	(2,891,031)
Amortization Expense	-	(861,640)	-	(12,000)	(873,640)
Balance as of December 31, 2020	**$ (60,000)**	**$ (3,680,671)**	**$ -**	**$ (24,000)**	**$ (3,764,671)**
Net Balance as of December 31, 2020	**$ -**	**$ 6,058,329**	**$ 2,034,000**	**$ 17,000**	**$ 8,109,329**
Net Balance as of December 31, 2019	**$ -**	**$ 7,873,969**	**$ 6,290,000**	**$ 48,000**	**$ 14,211,969**

During the years ended December 31, 2020 and 2019, the Company's revenue related to acquired licenses, brand names, and customer list intangibles were not at the level as projected at acquisition, which is an indicator of impairment. The fair value of the license, customer list and brand name was determined based on a third-party appraisal using a fair value less cost to dispose ("FVLCD") approach using unobservable inputs (level 3). As a result, the Company recognized $5,229,000 and $1,810,000 impairment loss for years ended December 31, 2020 and 2019, respectively.

9. BUSINESS ACQUISITIONS AND FORMATION

Business Acquisition - Altum Mind

On January 1, 2019, the Company completed the acquisition of Altum Mind, LLC and its subsidiary ("Altum"), a licensed medical and recreational cannabis manufacturing and distribution company. The Company acquired all of the issued and outstanding equity of Altum for deemed aggregate consideration of $33,884,417 which is comprised of $1,265,121 to be paid in cash, $2,619,296 in advances forgiven, $15,000,000 of the Company's equity and $15,000,000 of deferred payments. Of the $15,000,000 equity payments, $4,500,000 will be used for any potential indemnification liabilities arising from the acquisition. Both the equity payments were fair valued at $6,992,000. Of the $15,000,000 of deferred payments, $10,000,000 will automatically convert into equity of the Company at the earlier of the maturity date (December 31, 2020) or a Go-Public Transaction as defined in the agreement. In no instance will cash be used to pay the deferred payment. In addition, the remaining deferred payment of $5,000,000 is contingent upon the successful transfer in title of land to the Company. Upon title transfer, the $5,000,000 deferred payment will have the same identical terms as the aforementioned $10,000,000 deferred payment. The $10,000,000 deferred payment and the $5,000,000 deferred payment were fair valued at $6,313,333 and $3,156,667, respectively. For the year ended December 31, 2019, the Company recorded a change in fair market value of $3,099,000 of the deferred payments. As of December 31, 2019, the aggregate acquisition payable due to the sellers is $7,636,121, of which $6,371,000 is included in acquisition payable and $1,265,121 is included in related party payables in the consolidated statement of financial position. On June 30, 2020, the acquisition payable was fair valued at $4,674,000 and was converted to equity of the Company. In conjunction with this agreement, the contingency for the title transfer of land was released and the full equity for the transaction was issued.

The purchase price allocation for the acquisition, as set forth in the table below, reflects various fair value estimates and analyses that were finalized as of December 31, 2019.

Membership Equity	$ 4,661,333
Deferred Membership Equity Holdback	2,330,667
Advances to Sellers Forgiven	2,619,296
Deferred Cash Payment	1,265,121
Deferred Payment	6,313,333
Deferred Payment Holdback	3,156,667
Total Consideration	**$ 20,346,417**
Current Assets	$ 2,584,000
Property and Equipment	2,143,000
Current Liabilities	(731,000)
Long Term Liabilities	(233,000)
Mortgage Loan	(969,000)
Brand Name	2,350,000
Customer Relationships	300,000
Licenses	6,290,000
Non-Compete Agreement	60,000
Goodwill	8,552,417
Net Assets Acquired	**$ 20,346,417**

The goodwill arising from the acquisition represents expected synergies, future income and growth, and other intangibles that do not qualify for separate recognition. Generally, the goodwill related to the facilities acquired within a state adds to the footprint of the Company within that state, giving the Company's customers more access to the Company's products.

Acquisition costs expensed during the year ended December 31, 2019 were $75,993.

9. BUSINESS ACQUISITIONS AND FORMATION *(Continued)*

Business Acquisition - Altum Mind *(Continued)*

For the year ended December 31, 2019, Altum contributed approximately $5,627,000 in revenues and approximately $2,018,000 in net loss.

10. GOODWILL

As of December 31, 2020 and 2019, goodwill was $8,552,417 and $8,552,417, respectively. See *"Note 9 – Business Acquisitions and Formations"* for further information. As of December 31, 2020 and 2019 the carrying amounts of goodwill were allocated to California, the only state in which the Company currently operates.

As of December 31, 2020, the Company performed its annual impairment tests on the goodwill acquired using fair value less costs of disposal utilizing a market-based approach. The key assumptions used in the calculation of the recoverable amount relate to the future revenue projections and revenue multiples applied to those projections. These key assumptions were based on historical data from internal sources as well as industry and market trends. The inputs used in the calculation of the recoverable amount are Level 3 inputs.

The recoverable amount of goodwill for the years ended December 31, 2020 and 2019 was estimated based on discounted cash flows (five-year projections and a terminal year thereafter) and incorporated assumptions an independent market participant would apply. The key assumptions used in the calculation of the recoverable amount relate to the future cash flows and growth projections applied to those projections. The Company adjusted the discount rate of the CGU for the risks associated with achieving its forecast. Post-tax discount rate used was 29% and perpetual growth rates used was 3.0%.

Given that the recoverable amount was higher than the carrying value at December 31, 2020 and December 31, 2019, no impairment was recognized.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As of December 31, 2020 and 2019, accounts payable and accrued liabilities consisted of:

	2020	2019
Accounts Payable	$ 19,024,407	$ 13,908,400
Accrued Expenses	1,856,724	5,553,192
Accrued Salaries and Wages	1,061,352	1,461,390
Accrued Interest	145,312	5,478,942
Total Accounts Payable and Accrued Liabilities	**$ 22,087,795**	**$ 26,401,924**

12. EXCISE AND CULTIVATION TAX LIABILITY

The Company's distribution to retail licensed customers creates the obligation to collect excise tax from the retailer in the State of California. The Company is also obligated to remit cultivation tax that is collected from the cultivators. If the product purchased from cultivators are sold to a manufacture or distributor, the cultivation tax is passed to the manufacturer or distributor. If the cultivation products are consumed by the Company in the process of manufacturing, or distributions, the Company is obligated to remit the cultivation tax when the manufactured products produced are sold. In instances in which the Company cultivates its own products which are then consumed in the manufacturing process, the Company is obligated to remit the cultivation tax when the manufactured products are sold.

During 2019 and 2018 the Company was unable to make the required excise tax payments. The Company negotiated a payment plan with the California Department of Tax and Fee Administration ("CDTFA"). Accordingly, the Company was assessed penalties and interest. Beginning in 2019, the Company entered into payment plans with the CDTFA. During 2020, the CDTFA provided tax payment relief in the form of deferrals due to COVID-19. 90-day deferrals were granted for April, May and June payments. The CDTFA offered to extend a 12 month payment for the amounts owed plus interest in which the company entered into with the CDTFA incurring penalties and interest for the unpaid amounts. As of December 31, 2020 and 2019, the penalties and accrued interest outstanding is approximately $12,543,150 and $10,589,000, respectively. The Company successfully applied with the CDTFA for relief of the 2018 penalties in the amount of $1,616,241. As the Company pays off each quarter relating to 2019 tax and interest, the Company will apply with the CDTFA for relief of the related penalties. The balance reflected on the Company's consolidated statement of financial position, represents all penalties, interest and unpaid excise taxes as of December 31, 2020 and 2019.

13. LEASE LIABILITIES

A reconciliation of the beginning and ending balance of lease liabilities for the year ended December 31, 2020 and 2019 is as follows:

	2020	2019
Balance as beginning of period	$ 6,294,627	$ 6,160,691
Lease Disposals	(2,144,889)	
Interest Expense Accrual	710,872	935,817
Payments of Principal and Interest	(632,806)	(801,881)
Balance at end of period	4,227,804	6,294,627
Less Current Portion of Lease Liabilities	(610,925)	(866,756)
Lease Liabilities, Net of Current Portion	**$ 3,616,879**	**$ 5,427,871**

The discount rate applied to the leases was 15.0%. The remaining term of the lease as of December 31, 2020 was 17.25 years. Total future payments under lease agreements are further disclosed in Note 23.

During the year ended December 31, 2020, the Company terminated a lease reducing the lease liability by $2,144,889 and assets by $1,525,820.

In June of 2020, the Company entered into an agreement to sub-lease the property leased by Benmore LPFN, LLC. The term of the sub-lease is 5 years with option to extend and additional 5 years. The sub-lease payment terms are identical to the payment terms of the master lease. As a result, the Company recognized $183,750 other income for the year ended December 31, 2020.

The Company entered into a consulting contract with a third party to cultivate 86,400 square feet of greenhouse space in Watsonville, CA. The term began November 9, 2020 and continues for one year with monthly payments due of $129,600.

14. NOTES PAYABLE

The following is a summary of the Notes Payable outstanding as of December 31, 2020 and 2019, respectively

	2020	2019
Vehicle Notes maturing through October 2024 with interest rates up to 6.34%	$ 353,390	$ 293,641
Notes Payable, maturing through February 2020 bearing interest up to 15.0%	-	2,607,041
Notes Payable, maturing through December 2024 bearing interest up to 12.5%	916,073	1,086,775
Notes Payable, maturing through March 2025 bearing interest up to 12.5%	255,222	-
Mortgage Notes maturing through January 2021 with interest accruing at 12.5%. Subsequently amended to January 2022	13,499,910	13,499,910
Mortgage Note maturing through April 2033 with interest accruing at 5.25%.	873,181	922,278
Total Notes Payable	15,897,776	18,409,645
Less Current Portion of Notes Payable	(13,945,369)	(16,399,283)
Notes Payable, Net of Current Portion	**$ 1,952,407**	**$ 2,010,362**

For the year ending December 31, 2020 and 2019, changes in notes payable are as follows:

	2020	2019
Balance as beginning of period	$ 18,409,645	$ 28,674,778
Cash Additions	993,344	8,724,731
Non-Cash Additions	4,000,927	1,143,293
Cash Payments	(331,211)	(20,133,157)
Non-Cash - Conversion to Convertible Debt	(7,174,929)	-
Balance at end of period	**$ 15,897,776**	**$ 18,409,645**

The following are significant terms of certain notes payable agreements outstanding:

Mortgage Note

On October 24, 2017, the Company's wholly owned subsidiaries, Greenfield Property Owner, LLC and Greenfield Property Owner II, LLC, entered into a loan agreement with a mortgage lender. The lender agreed to lend the Company a maximum principal amount of $32,500,000. The note bears interest at a rate of 12.5% per annum and matures on October 24, 2019. In addition, there are three, one-year extensions available under the loan agreement. As of December 31, 2020, the Company exercised a three-month extension. The maturity date is now January 24, 2021. The loan is secured by certain assets of the Company and contains guarantees from members of the Company. On January 24,2021, the Company exercised its final one-year extension extending the maturity date to January 24, 2022. (Note 25)

Grid Note

On February 13, 2020, the Company entered into a loan agreement and promissory note agreement (the "Grid Note") with a prior lender. The Grid Note was for up to $15,000,000 of which $4,412,205 was funded with an interest of 18%, collateralized by real properties and other assets of the Company. The principal and accrued unpaid interest was due on September 17, 2020. Extensions were granted during negotiations and on November 30, 2020, outstanding principal and interest converted into Convertible Debentures. (*Note 15*)

14. NOTES PAYABLE (*Continued)*

On August 6, 2020, the Company consummated an agreement whereby certain note holders of the Grid Note signed on February 13, 2020 may exercise a right to exchange the note holders ownership interest in a third party investment up to $2,000,500 for an increase in the outstanding principal balance due under the Grid Note signed on February 13, 2020. On September 24, 2020, the Company received notice of intent to exercise a right to exchange the note holders ownership interest in a third party investment of $2,000,500 for an increase in the outstanding principal balance due under the Grid Note signed on February 13, 2020. The Company deemed the investment to have no value and recognized $2,000,500 of impairment related to the asset.

On November 30, 2020 the outstanding Grid Note principal and interest of $7,174,929 converted into Convertible Debentures under the restructuring support agreement. (*See Note 15*)

15. CONVERTIBLE DEBENTURES

The following is a summary of the Convertible Debentures outstanding as of December 31, 2020 and 2019, respectively

	2020	2019
Convertible Debentures issued in October, November and December of 2019, accruing interest at 8.0% per year and matures in October 2020.	$ -	$ 52,362,517
Convertible Debentures issued in November 2020, accruing interest at 15.0% per year and matures in December 2022.	$ 70,948,568	$ -
Total Convertible Debentures	70,948,568	52,362,517
Less Current Portion of Convertible Debentures	-	(52,362,517)
Convertible Debentures, Net of Current Portion	**$ 70,948,568**	**$ -**

For the year ending December 31, 2020 and 2019, changes in convertible debentures are as follows:

	2020	2019
Balance as beginning of period	$ 52,362,517	$ 52,779,000
Cash Additions	3,250,000	-
Non-Cash Additions - Note Payable Conversions	15,837,517	-
Non-Cash Additions - PIK Interest	864,051	-
Change in Fair Value of Convertible Debentures	(1,365,517)	(416,483)
Balance at end of period	**$ 70,948,568**	**$ 52,362,517**

The following are significant terms of the convertible debentures agreement outstanding:

In October 2018, the Company underwent an offering of unsecured convertible debentures of the Company by way of a private placement subject to all required regulatory approvals at a price per offered security of $1,000 for total gross proceeds of up to $30,000,000, with the potential to upsize to $50,997,000 (the "Convertible Debentures"). Each Convertible Debenture is convertible into equity securities of the Company. The term of the Convertible Debentures is for a period of 24 months from the closing date (the "Maturity Date"). The conversion feature in the convertible debenture allows for all outstanding principal and accrued interest on the Convertible Debentures to automatically convert into the same type of security issued in connection with a go-public Transaction at a price equal to the lower of (a) in the event that the go-public transaction occurs on or before March 31, 2019, a 25% discount to the issue price of the go-public Securities and a predetermined valuation cap; and (b) in the event that the go-public transaction occurs after March 31, 2019 but before the Maturity Date, a 30% discount to the go-public issue price and a predetermined valuation cap.

15. CONVERTIBLE DEBENTURES *(Continued)*

In the event the Company does not enter into a go-public transaction, the holder of the Convertible Debenture may elect, at maturity be repaid in cash or to convert their Convertible Debenture and all unpaid and accrued interest at a predetermined valuation cap as defined in the agreement. As of November 2020, the Convertible Debentures were restructured, see below. In connection with the Convertible Debentures, the Company paid $2,884,733 in cash fees upon closing. In addition, the Company provided 2,296 compensation options as commission for the offering. The compensation options allow the holder an option to participate in this convertible debenture offering for a period of 2 years from the issuance of the compensation options. The fair value of the compensation options was $841,000 as of December 31, 2019 and included in the aggregate fair value of the convertible debentures as of December 31, 2019. As of December 31, 2020, the compensation options were not exercised and expired.

The Company performed its analysis on these conversion features and compensation options and determined that the automatic conversion feature and compensation options are considered derivative instruments under IAS 32, *"Financial Instruments"* due to the potential variability in the number of equity instruments to be issued upon automatic conversion. Further as allowed under IFRS 9, the Company elected to fair value the entire convertible debt at issuance and at each reporting date with changes in fair value recorded as a component of profit and loss.

The Company used the Monte Carlo simulation model taking into account the fair value of the Company's equity on the date of grant and as of year-end and into the future encompassing a wide range of possible future market conditions to estimate the fair value of the convertible debentures at issuance and at each reporting date. This Monte Carlo simulation model uses Level 3 inputs in its valuation model. The key Level 3 inputs used by management to determine the fair value are the expected future volatility (94.9% - 108.9% for 2020 and 78.3% - 85.5% for 2019) in the price of the Company's member interest, the risk-free interest rate (.09% - .13% for 2020 and 1.6% for 2019) and the expected life of the convertible debentures (0.5 years – 2.0 years for 2020 and 0.5 years - 0.8 years for 2019) and probable outcomes of certain future transactions (5% - 50% for 2020 and 20% - 80% for 2019).

In November 2020, the Company underwent a restructuring of the unsecured convertible debentures of the Company. Outstanding principal and interest totaling $59,659,588 converted to principal under the new agreement along $7,174,929 of principal and interest from the Grid Note. Each Convertible Debenture is convertible into equity securities of the Company. The term of the Convertible Debentures is for a period of 25 months from the closing date (the "Maturity Date"). The restructuring agreement authorized the issuance of an additional $25,000,000 of debentures. The optional conversion feature in the convertible debenture allows for all outstanding principal and accrued interest on the Convertible Debentures to automatically convert into the same type of security issued in connection with (a) a Qualifying Fundamental Transaction at a conversion price of the lesser of (i) sixty-five percent (65%) of the value of the consideration received for each unit pursuant to such transaction, and (ii) the price equal to Applicable Go Public Valuation Cap, as defined in the agreement, fully diluted outstanding units prior to such transaction. (b) The "Go Public Valuation Cap" is $212,500,000 prior to the first anniversary of the effective date and $200,000,000 thereafter. (c) Optional upon the occurrence of a Qualified Equity Financing, as defined in the agreement, at a conversion price of the lesser of (i) 65% of the price per unit paid in such financing, and (ii) the price equal to $225,000,000 divided by fully diluted outstanding unit prior to such financing.

In the event the Company does not enter into a go-public transaction, the holder of the Convertible Debenture may elect to convert at maturity (or prior to maturity at the option of the Company) at a conversion price of $225,000,000 fully diluted outstanding units to convert their Convertible Debenture and all unpaid and accrued interest at a predetermined valuation cap, as defined in the agreement. As of December 31,2020, the company was in compliance with covenants und the agreement.

The Company incurred and expensed $4,099,089 in fees related to the restructuring of the Convertible Debentures.

16. MEMBERS' EQUITY

Allocations

As stated in the Second Amended and Restated Limited Liability Company Operating Agreement ("Second Amended Operating Agreement"), dated November 30, 2020, certain members are subject to priority or preference with respect to the other members in obtaining a return of capital contributions, distributions or allocations of the income, gains, losses, deductions, credits or other items of the Company as discussed below. The profits and losses of the Company, and all items of its income, gain, loss, deduction and credit shall be allocated to the members according to each member's percentage interest. Each member shall vote on any matter submitted to the membership for approval in proportion to the member's percentage interest in the Company.

Distributions:

As stated in the Second Amended and Restated Operating Agreement, cash from the Company's business operations, as well as cash from a sale or other disposition of LLC capital assets, may from time to time at the decision of the Manager in amounts as it shall reasonably determine in the following priority:

- First, 4.762% to members in accordance with their ownership percentage excluding LPF Investor LLC and GWC Holdings II, LLC.

- Thereafter, the remaining amount to be allocated as follows. 75 percent to the LPF Investor LLC as manager and member ("MJH Member") and 25 percent to the GWC Holdings II, LLC ("GWC Member"), until the MJH member has received pursuant to the agreement, their accrued and unpaid preferred returns attributable to their initial capital contributions.

- Second, 75 percent to the MJH Member and 25 percent to the GWC Member, until the MJH member has received pursuant to the agreement, an amount sufficient to cause its unreturned capital amount attributable to their initial capital contributions to equal zero.

- Third, 75 percent to the GWC Member and 25 percent to the MJH Member, until such time as the aggregate distribution to the GWC Member equals the cumulated distribution to the MJH member.

- Thereafter, the remainder to the Members in accordance with their respective distribution percentages.

16. MEMBERS' EQUITY *(Continued)*

Operating Agreement Phase One Completion

On January 31, 2018, GWC Member and MJH Member recognized the completion of phase one pursuant to the First Amended Operating Agreement, evidencing the conclusion of the facilities construction phase. At that date, the royalty free licensing of the brand to the GWC Member expired and reverted back to the Company. As of December 31, 2019, the GWC Member and MJH Member capital accounts were balanced to equal shares under the First Amended Operating Agreement provisions.

Warrants

As of December 31, 2020 and 2019 there were 2,296 warrants outstanding (see Note 15). During the year ended December 31, 2019, the Company issued warrants with respect to a loan to the Company. These warrants have an exercise price to be determined upon a future transaction. The number of warrants to be delivered and exercise price are based upon an agreed value of $4,531,042. The Company assessed these warrants and concluded that they are derivative liabilities. The Company recorded $378,000 as the fair value for the issuance of these warrants. The change in fair value of $135,874 and $27,000 during the years ended December 31, 2020 and 2019, respectively, was recorded as a component of the change in fair value of financial instruments in the consolidated statement of operations and compressive loss. As of December 31, 2020 and December 31, 2019, the total fair value of the derivative liability was $269,126 and $405,000, respectively.

The Company used the Monte Carlo simulation model taking into account the fair value of the Company's equity on the date of grant and as of year-end and into the future encompassing a wide range of possible future market conditions to estimate the fair value of the derivative warrants at issuance and at each reporting date. This Monte Carlo simulation model uses Level 3 inputs in its valuation model. The key Level 3 inputs used by management to determine the fair value are the expected the expected life of the derivative warrants (0.5 years – 2 years for 2020 and 2.06 years – 1.42 years for 2019) and probable outcomes of certain future transactions (10% - 50% for 2020 and 10% - 30% for 2019).

17. NON-CONTROLLING INTEREST

Non-controlling interest represents the net assets of the subsidiaries the Company does not directly own. The net assets of the non-controlling interest are represented by equity holders outside of the Company. For the ten months ending October 31, 2020 and year ended December 31, 2019, the Company held an 80% interest in an investment subsidiary and the third party holds a 20% minority interest. The Company discontinued manufacturing and distribution of the brand due to low demand and sought to divest of the interest in the investment. The Company entered into a settlement agreement dated October 21,2020, where membership units were transferred to the third party and as of December 31, 2020, the Company holds a 20% minority interest in an investment subsidiary and the third party holds a 80% interest. This entity is included in the financial statements with a resulting non-controlling interest reflected therein. Non-controlling interests are included as a component of members' equity for the year ended December 31, 2019. As of December 31, 2020, the ownership interest is accounted for under the equity method and considered to have no value.

17. NON-CONTROLLING INTEREST *(Continued)*

As of December 31, 2020 and 2019, non-controlling interest included the following amounts before intercompany eliminations:

	2020	2019
Current Assets	$ -	$ 703,312
Total Assets	**$ -**	**$ 703,312**
Revenues	**$ (5,521)**	**$ 168,722**
Net Loss and Comprehensive Loss Attributable to LPF JV, LLC	**$ (4,417)**	**$ (45,434)**
Net Loss and Comprehensive Loss Attributable to Non-Controlling Interest	**$ (1,104)**	**$ (9,087)**

18. RELATED PARTY TRANSACTIONS

Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executive and non-executive persons. Compensation Provided to Key Management for the year ended December 31, 2020 and 2019 are as follows:

	2020	2019
Employee Benefits, Including Salaries and Bonuses	$ 955,449	$ 387,700
Total Key Management Compensation	**$ 955,449**	**$ 387,700**

Related Party Balances

As of December 31, 2020 and 2019, the Company had accrued approximately $3,266,000 to GWC Member for reimbursable expenses, which is included in related party payable, long term, on the accompanying consolidated balance sheets. These amounts remain unpaid and are not expected to be paid within one year.

As of December 31, 2019, the Company has accrued approximately $1,265,000 to the sellers of Altum Mind for the cash portion of the consideration payable for the acquisition. As of December 31, 2020, the Company has accrued an additional $346,126 in reimbursements due to the sellers of Altum Mind and these amounts remain unpaid with $586,616 due within one year.

During the year ended December 31, 2019, certain officers of the Company loaned the Company money which are due on demand. The amount due as of December 31, 2020 is approximately $439,521.

19. GENERAL AND ADMINISTRATIVE EXPENSES

For the years ended December 31, 2020 and 2019, general and administrative expenses consisted of the following:

	2020	2019
Salaries, Wages and Related Costs	$ 4,365,623	$ 4,472,944
Facility and Related Costs	2,635,373	3,897,823
Bad Debt	1,014,906	1,532,290
Professional Fees	984,433	5,280,683
Licenses, Fees and Taxes	822,911	2,145,686
Other General and Administrative	775,421	1,339,630
Travel and Entertainment	446,808	1,224,495
Total General and Administrative Expenses	**$ 11,045,475**	**$ 19,893,551**

20. INCOME TAXES

For the year ended December 31, 2020 and 2019, the Company owed federal or state income taxes of $118,334 and $8,501, respectively.

Current:	2020	2019
Federal	$ 118,334	$ -
State	8,501	-
Foreign	-	-
Total current tax expense	126,835	-
Deferred:		
Federal	$ 148,992	$ -
State	(30,691)	-
Foreign	-	-
Total deferred tax expense	118,301	-
TOTAL TAX PROVISION	**$ 245,136**	**$ -**

The reconciliation between the Company's effective tax rate and statutory tax rate is as follows:

	2020	2019
Computed expected tax benefit	$ (4,214,112)	$ (7,582,135)
Changes in income taxes resulting from:		
State taxes (net of federal tax benefits):	1,006,323	(1,258,323)
Increase in provision for non-recoverable deferred tax asset	(3,355,741)	863,159
Pass-through Items	4,653,048	2,706,960
Section 280E Non-Deductible	2,128,823	5,270,339
Other	26,795.00	-
Total tax expense	**$ 245,136**	**$ -**

20. INCOME TAXES *(Continued)*

The types of temporary differences that give rise to significant portions of the Company's deferred tax assets and liabilities as of December 31, 2020 and 2019 are set forth below:

	2020	2019
Deferred tax assets:		
Net Operating Losses	$ 5,345,931	$ 5,962,984
Accrued Expenses	93,865	117,092
Reserves & Allowances	362,500	522,197
Other	(562,241)	814,603
Gross deferred tax assets	5,240,055	7,416,876
Provision for non-recoverable deferred tax asset	(3,532,017)	(6,023,214)
Total deferred tax assets	1,708,038	1,393,662
Deferred Tax Liabilities:		
Unrealized (Gain)/Loss - Biological Assets	(1,826,339)	(1,393,662)
Total deferred tax liabilities	(1,826,339)	(1,393,662)
Net deferred tax liabilities	**$ (118,301)**	**$ -**

The net change in the non-recoverable tax asset for December 31, 2020 and 2019 was $(3,355,741) and $863,159, respectively. In assessing the probability the deferred tax assets will be realized, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company recorded a full provision on its deferred tax asset balances in the current year.

The Company and the majority of its subsidiaries are limited liability companies for which taxes flow through to its members with the exception of Greenfield Organix, Inc. and Humboldt Partner Group, Inc., which is are corporations. As the Company operates in the cannabis industry, it is subject to the limits of U.S. IRC Section 280E under which the Company is only allowed to deduct expenses directly related to costs of product. As it relates to Greenfield Organix, Inc. and Humboldt Partner Group, Inc., this results in permanent differences between ordinary and necessary business expenses deemed non-allowable under U.S. IRC Section 280E.

Federal and California tax laws impose significant restrictions on the utilization of net operating loss carryforwards in the event of a change in ownership of the Company, as defined by Internal Revenue Code Section 382 (Section 382). The Company does not believe a change in ownership, as defined by Section 382, has occurred but a formal study has not been completed. The Company subsidiaries, Greenfield Organix and Humboldt Partner Group, Inc., have net operating loss carryforwards for federal and California income tax purposes of approximately $11,789,000 and $32,469,000, respectively, as of December 31, 2020. The federal net operating loss carryforwards, if not utilized, will carryover indefinitely. The state net operating loss carryforwards, if not utilized, will expire beginning in 2041. California suspended the use of net operating losses for three years starting in 2020.

The Bipartisan Budget Act of 2015 (the" Budget Act") provides new rules for the audits of entities treated as partnerships for taxable years beginning on or after January 1, 2018. These rules will only apply in the event the Internal Revenue Service (IRS) audits the Company's tax return. Should the Company subsequently receive such a notice and should the audit result in adjustments increasing the taxable income of the members, the Company may be liable for payment of the income taxes that would have been imposed on the members.

20. INCOME TAXES *(Continued)*

If the Company is eligible to make an election out of the new rules and makes such an election or the Company elects to push out the adjustments to the members in a timely manner, the Company will not be liable for any income taxes that result from any IRS audit of any taxable year beginning on or after January1, 2018. As of the date of this report, the Company has not received any notice of audit by the IRS. The Managing Member believes that there is a remote possibility that the Company will incur a material liability as a result of the new rules under the Budget Act.

21. SEGMENTED INFORMATION

The Company currently operates in one segment, the distribution cannabis segment. While the Company has cultivation operations, all cultivation sales are sold to its distribution operating entities. Intercompany sales and transactions are eliminated in consolidation.

22. COMMITMENTS AND CONTINGENCIES

(a) Contingencies

The Company's operations are subject to a variety of local and state regulations. Failure to comply with one or more of these regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulations as of December 31, 2020 and 2019, marijuana regulations continue to evolve and are subject to differing interpretations. In addition, the use, sale, and possession of cannabis in the United States, despite state laws, is illegal under federal law. However as previously noted, individual states have enacted legislation permitting exemptions for various uses, mainly for medical and industrial use but also including recreational use. As a result of the differing state and federal laws, the Company may be subject to regulatory fines, penalties or restrictions in the future.

(b) Claims and Litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As December 31, 2020 and 2019, other than described below, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations.

As of December 31, 2019 and 2020, the Company recorded a provision of $440,000 related to employee matters and other disputes. The amount recorded is the Company's estimate of the liability to be paid upon settlement of the disputes. Of the provision recorded, $325,000 was settled, pending court approval.

(c) Defined Contribution Plan

The Company has a defined contribution retirement plan ("the Plan") for its employees. The Company contributes 4% of an employee's compensation up to Plan limits. In August 2020, contribution matching by the Company was ceased. The Plan allows eligible employees to contribute up to 50% of their salary through payroll deductions. During the year ended December 31, 2020 and 2019, the costs of the defined contribution plan were approximately $176,000 and $131,000, respectively.

22. COMMITMENTS AND CONTINGENCIES *(Continued)*

(d) Concentrations of Revenue and Purchases

For the year ended December 31, 2020 and 2019, there were no customers which represent purchases greater than 10 percent.

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial Instruments

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of 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 for the asset or liability that are not based on observable market data.

Financial instruments are measured at amortized cost or at fair value. Financial instruments measured at amortized cost consist of accounts receivable, due from and due to related party, other liabilities, and accounts payable and accrued liabilities wherein the carrying value approximates fair value due to its short-term nature. Other financial instruments measured at amortized cost include notes payable and lease liabilities wherein the carrying value at the effective interest rate approximates fair value as the interest rate for notes payable and the interest rate used to discount the host debt contract for convertible debentures approximate a market rate for similar instruments offered to the Company.

Cash and restricted cash are measured at Level 1 inputs. Acquisition consideration related liabilities are measured at fair value. Convertible debentures are measured at fair value based on the Monte Carlo simulation model, which uses Level 3 inputs. The following table summarizes the Company's financial instruments as at December 31, 2020:

	Amortized Cost	FVTPL	TOTAL
Financial Assets:			
Cash	$ -	$ 986,121	$ 986,121
Restricted Cash	$ -	$ 757,330	$ 757,330
Accounts Receivable, Net	$ 4,066,446	$ -	$ 4,066,446
Financial Liabilities:			
Accounts Payable and Accrued Liabilities	$ 22,087,795	$ -	$ 22,087,795
Related Party Payables	$ 5,289,147	$ -	$ 5,289,147
Derivative Liabilities	$ -	$ 269,126	$ 269,126
Lease Liabilities	$ 4,227,804	$ -	$ 4,227,804
Notes Payable	$ 15,897,776	$ -	$ 15,897,776
Convertible Debentures	$ -	$ 70,948,568	$ 70,948,568

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(Continued)*

Financial Instruments (Continued)

The following table summarizes the Company's financial instruments as at December 31, 2019:

	Amortized Cost	FVTPL	TOTAL
Financial Assets:			
Cash and Cash Equivalents	$ -	$ 1,530,120	$ 1,530,120
Restricted Cash	$ -	$ 757,330	$ 757,330
Accounts Receivable	$ 6,252,820	$ -	$ 6,252,820
Financial Liabilities:			
Accounts Payable and Accrued Liabilities	$ 26,401,924	$ -	$ 26,401,924
Related Party Payables	$ 5,195,752	$ -	$ 5,195,752
Lease Liabilities	$ 6,294,627	$ -	$ 6,294,627
Notes Payable	$ 18,409,645	$ -	$ 18,409,645
Convertible Debentures	$ -	$ 52,362,517	$ 52,362,517
Acquisition Liabilities	$ -	$ 6,371,000	$ 6,371,000

Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Company's risk management processes:

(a) Credit Risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure at December 31, 2020 and 2019 is the carrying amount of cash and cash equivalents, restricted cash, accounts receivable, and due from related party. The Company does not have significant credit risk with respect to its customers that has not already been allowed for. All cash is placed with major U.S. financial institutions.

The Company provides credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk. Credit risk is generally limited for receivables from retail and wholesale customers as the majority of its sales are transacted with cash. Credit risk is assessed on a quarterly basis and an allowance for doubtful accounts is recorded where required. The Company assesses the risk of collectability of accounts receivable on a quarterly basis. Overdue amounts are balances aged over 90 days. Any overdue amounts deemed uncollectable are considered impaired.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Company's risk management processes:

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

In addition to the commitments outlined in *"Note 13 –Lease Liability"*, *"Note 14 – Notes Payable"*, *"Note 15 – Convertible Debentures"* the Company has the following contractual obligations as of December 31, 2020:

	< 1 year	1-3 years	3-5 years	> 5 Years	Total
Accounts Payable and Accrued Liabilities	$ 22,087,795	$ -	$ -	$ -	$ 22,087,795
Deferred Excise Tax Liability	$ 14,755,426	$ 15,599,905	$ -	$ -	$ 30,355,331
Derivative Liability	$ 269,126	$ -	$ -	$ -	$ 269,126
Related Party Payables	$ 1,026,137	$ 4,263,010	$ -	$ -	$ 5,289,147
Lease Liabilities	$ 610,925	$ 1,954,497	$ 1,420,347	$ 7,929,525	$ 11,915,294
Notes Payable	$ 13,945,369	$ 701,070	$ 654,772	$ 596,565	$ 15,897,776
Convertible Debentures	$ -	$ 70,948,568	$ -	$ -	$ 70,948,568

In addition to the commitments outlined in *"Note 13 –Lease Liability"*, *"Note 14 – Notes Payable"*, *"Note 15 – Convertible Debentures"* the Company has the following contractual obligations as of December 31, 2019:

	< 1 year	1-3 years	3-5 years	> 5 Years	Total
Accounts Payable and Accrued Liabilities	$ 26,401,924	$ -	$ -	$ -	$ 26,401,924
Deferred Excise Tax Liability	$ 5,285,800	$ 20,845,116	$ -	$ -	$ 26,130,916
Derivative Liability	$ 405,000	$ -	$ -	$ -	$ 405,000
Acquisition Payable	$ 6,371,000	$ -	$ -	$ -	$ 6,371,000
Related Party Payables	$ 1,930,071	$ 3,265,681	$ -	$ -	$ 5,195,752
Lease Liabilities	$ 866,756	$ 2,733,462	$ 1,975,809	$ 18,697,033	$ 24,273,060
Notes Payable	$ 16,399,283	$ 789,147	$ 572,775	$ 648,440	$ 18,409,645
Convertible Debentures	$ 52,362,517	$ -	$ -	$ -	$ 52,362,517

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Market Risk

(i) Currency Risk

The operating results and financial position of the Company are reported in U.S. dollars. The Company does not have financial transactions denominated in currencies other than the U.S. dollar. The results of the Company's operations are not subject to currency transaction and translation risks.

As of December 31, 2020 and 2019, the Company had no hedging agreements in place for foreign exchange rates. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash and cash equivalents bear interest at market rates. The Company's financial liabilities have fixed rates of interest and therefore expose the Company to a limited interest rate fair value risk.

(iii) Price Risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. The Company's investments are susceptible to price risk arising from uncertainties about their future outlook, future values and the impact of market conditions. The Company does not have investments of privately held or publicly held entities which it does not consolidate at this time. Accordingly, the Company is not subject to this risk at this time.

24. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern and maintain adequate levels of funding to support its ongoing operations and development such that it can continue to provide returns to the Members and benefits for other stakeholders.

The capital structure of the Company consists of items included in members' equity and debt. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the Company's underlying assets. The Company plans to use existing funds, as well as funds from the future sale of products, to fund operations and expansion activities. Furthermore, the Company may need to raise capital for continuing operations and expansion.

As of December 31, 2020 and 2019, the Company is not subject to externally imposed capital requirements.

25. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 7, 2021, which is the date these consolidated financial statements were available to be issued and has concluded that the following subsequent events have occurred that would require disclosure in the notes to the consolidated financial statements.

On January 24, 2021, the Company exercised its option to extend the mortgage note outstanding of $13,499,910 to January 24, 2022.

On March 5, 2021, the Company issued $5,000,000 in senior debentures authorized under the Restructuring Agreement. (Note 15)

APPENDIX O
LOUDPACK UNAUDITED INTERIM FINANCIAL STATEMENTS

(see attached)

LPF JV CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021 AND DECEMBER 31, 2020
AND
FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2021 AND 2020

(Expressed in United States Dollars Unless Otherwise Stated)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS:

LPF JV, CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2021 AND DECEMBER 31, 2020
(Amounts Expressed in United States Dollars Unless Otherwise Stated)

		September 30, 2021	December 31, 2020
		Unaudited	Audited
ASSETS			
Current Assets:			
Cash		$ 737,340	$ 986,121
Restricted Cash		757,330	757,330
Accounts Receivable, Net		5,400,544	4,066,446
Prepaid Expenses and Other Receivables		2,913,559	1,596,303
Biological Assets	*Note 3*	2,161,015	1,925,578
Inventories	*Note 4*	12,160,257	14,971,861
Total Current Assets		24,130,045	24,303,639
Property and Equipment, Net	*Note 5*	66,692,125	71,166,756
Intangible Assets, Net	*Note 6*	6,002,600	8,109,329
Deferred Tax Asset	*Note 15*	921,426	-
Goodwill		8,552,417	8,552,417
Deposits and Other Long-Term Assets		443,335	352,460
TOTAL ASSETS		**$ 106,741,948**	**$ 112,484,601**
LIABILITIES AND MEMBERS' / SHAREHOLDERS' DEFICIT			
LIABILITIES:			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	*Note 7*	$ 27,547,438	$ 22,087,795
Excise and Cultivation Tax Liability - Short Term	*Note 8*	10,906,922	14,755,426
Derivative Liability		-	269,126
Related Party Payables	*Note 13*	581,500	1,026,137
Current Portion of Lease Liabilities	*Note 9*	623,856	610,925
Current Portion of Notes Payable	*Note 10*	11,499,910	13,945,369
Total Current Liabilities		51,159,626	52,694,778
Non-Current Liabilities:			
Excise and Cultivation Tax Liability	*Note 8*	16,695,811	15,599,905
Deferred Income Tax Liability	*Note 15*	-	118,301
Related Party Payables - Long Term	*Note 13*	4,058,227	4,263,010
Lease Liabilities, Net of Current Portion	*Note 9*	3,623,331	3,616,879
Notes Payable, Net of Current Portion	*Note 10*	2,092,642	1,952,407
Convertible Debentures, Net of Current Portion	*Note 11*	119,842,000	70,948,568
Total Non-Current Liabilities		146,312,011	96,499,070
TOTAL LIABILITIES		197,471,637	149,193,848
COMMITMENT & CONTINGENCIES			
MEMBERS' / SHAREHOLDERS' DEFICIT:			
Members' Deficit	*Note 12*	-	(36,709,247)
Share Capital, 1,500,000 Common Shares Authorized, 1,000,000 Issued and Outstanding as of September 30, 2021, $0.001 Par Value.	*Note 12*	1,628,000	-
Accumulated Deficit	*Note 12*	(92,357,689)	-
TOTAL MEMBERS' / SHAREHOLDERS' DEFICIT		(90,729,689)	(36,709,247)
TOTAL LIABILITIES AND MEMBERS' / SHAREHOLDERS' DEFICIT		**$ 106,741,948**	**$ 112,484,601**

Nature of Operations *(Note 1)*
Commitments and Contingencies *(Note 17)*
Subsequent Events *(Note 18)*

Approved and authorized for issue on behalf of the Board of Directors on January 24, 2022:

"Marc Ravner"
Chief Executive Officer

"Keith Adams"
Chief Financial Officer

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

LPF JV, CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(Amounts Expressed in United States Dollars Unless Otherwise Stated)

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2021	2020	2021	2020
		Unaudited	Unaudited	Unaudited	Unaudited
Revenue, Net		$ 19,143,763	$ 21,854,389	$ 61,407,660	$ 60,580,072
Cost of Goods Sold		17,009,751	16,731,000	48,936,680	45,337,857
Gross Income Before Fair Value Adjustment		2,134,012	5,123,389	12,470,980	15,242,215
Unrealized Gain on Changes in Fair Value of Biological Assets	*Note 3*	3,944,940	1,300,135	9,572,475	3,064,960
Realized Fair Value on Inventory Sold		(4,462,144)	(1,168,362)	(9,777,661)	(3,561,365)
Gross Profit		1,616,808	5,255,162	12,265,794	14,745,810
Expenses:					
General and Administrative	*Note 14*	1,806,870	1,658,349	6,242,347	6,653,903
Sales and Marketing		2,483,725	2,003,807	7,174,867	7,126,486
Excise & Cultivation Tax Penalties and Interest	*Note 8*	888,247	1,118,683	1,344,593	1,726,837
Share Based Compensation	*Note 13*	1,628,000	-	1,628,000	-
Depreciation and Amortization	*Note 5 and 6*	265,236	705,971	1,694,711	2,079,833
Total Expenses		7,072,078	5,486,810	18,084,518	17,587,059
Loss from Operations		(5,455,270)	(231,648)	(5,818,724)	(2,841,249)
Other Income (Expense):					
Other Income, Net		78,750	31,627	99,153	644,006
Restructuring Fees		(418,444)	(567,657)	(1,071,367)	(1,092,861)
Impairment of Intangibles	*Note 6*	(224,000)	(524,000)	(1,672,000)	(4,889,000)
Impairment of Assets		-	(2,000,500)		(2,000,500)
Casulty Loss Related to Greenhouse Fire, Net		-	(567,813)	-	(567,813)
Change in Fair Value of Financial Instruments	*Note 11*	(6,248,305)	(783,677)	(35,745,779)	2,959,614
Interest Expense		(4,315,760)	(1,833,874)	(12,052,518)	(5,628,490)
Total Other (Loss) Income, net		(11,127,759)	(6,245,894)	(50,442,511)	(10,575,044)
Net Loss Before Income Tax Expense		(16,583,029)	(6,477,542)	(56,261,235)	(13,416,293)
Provision for Income Taxes		2,937,209	(20,553)	(612,793)	133,627
Net Loss and Comprehensive Loss		**$ (19,520,238)**	**$ (6,456,989)**	**$ (55,648,442)**	**$ (13,549,920)**

LPF JV, CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' / SHAREHOLDERS' (DEFICIT) EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
(Amounts Expressed in United States Dollars Unless Otherwise Stated)

		TOTAL EQUITY ATTRIBUTABLE TO MEMBERS' OF LPF JV, LLC	Shares	Share Capital	Accumulated Deficit	TOTAL MEMBERS' / SHAREHOLDERS' (DEFICIT)
BALANCE, AS OF DECEMBER 31, 2020		**$ (36,709,247)**	**-**	**$ -**	**$ -**	**$ (36,709,247)**
Net Loss		-	-	-	(55,648,442)	(55,648,442)
Shares issued in Re-organization	*Note 1 and 12*	36,709,247	1,000,000	-	(36,709,247)	-
Share-Based Compensation Contribution by Parent Company	*Note 13*	-	-	1,628,000	-	1,628,000
BALANCE, AS OF September 30, 2021		**$ -**	**1,000,000**	**$ 1,628,000**	**$ (92,357,689)**	**$ (90,729,689)**

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

LPF JV, CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' / SHAREHOLDERS' (DEFICIT) EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020
(Amounts Expressed in United States Dollars Unless Otherwise Stated)

	TOTAL EQUITY ATTRIBUTABLE TO MEMBERS' OF LPF JV, LLC	NON-CONTROLLING INTEREST	TOTAL MEMBERS' DEFICIT
BALANCE, AS OF DECEMBER 31, 2019	**$ (21,107,303)**	**$ (60,395)**	**$ (21,167,698)**
Net Loss	(13,549,920)	-	(13,549,920)
Settlement of Acquisition Payable	4,674,000	-	4,674,000
BALANCE, AS OF September 30, 2020	**$ (29,983,223)**	**$ (60,395)**	**$ (30,043,618)**

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

LPF JV, CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(Amounts Expressed in United States Dollars Unless Otherwise Stated)

	Nine Months Ended September 30,	
	2021	2020
	Unaudited	Unaudited
CASH FLOW FROM OPERATING ACTIVITIES:		
Net Loss	$ (55,648,442)	$ (13,549,920)
Adjustments to Reconcile Net Loss and Comprehensive Loss to Net Cash (Used in) Operating Activities:		
Depreciation and Amortization	3,010,982	1,897,954
Non-cash interest Expense	(269,126)	(135,874)
Share-Based Compensation	1,628,000	-
Change in Fair Value of Financial Instruments	35,745,779	(2,959,614)
Gain on Lease Modification	-	(2,144,889)
Unrealized Gain on Changes in Fair Value of Biological Assets	(9,572,475)	(3,064,960)
Realized Fair Value on Inventory Sold	9,777,661	3,561,365
Loss on Disposal of Property and Equipment	86,556	628,239
Impairment of Intangibles	1,672,000	4,889,000
Impairment of Assets	-	2,000,500
Excise Tax Penalty and Interest	1,344,593	1,726,837
Lease Interest Compounded to Principal	476,667	552,503
Deferred Income Taxes	(1,039,727)	-
Accrued Interest Paid in Kind	8,605,153	-
Bad Debt	39,380	461,462
Changes in Operating Assets and Liabilities		
Accounts Receivable	(1,373,478)	169,675
Prepaid expenses and Other Receivables	68,716	(1,875,502)
Biological Assets	(440,623)	595,668
Inventories	2,811,604	3,079,081
Deposits and Other Long-Term Assets	(90,875)	143,905
Accounts Payable and Accrued Liabilities	5,459,643	(1,806,937)
Related Party Payables	(649,420)	1,123,926
Deferred Excise Tax Liabilities	(4,097,191)	3,199,135
NET (USED IN) PROVIDED BY OPERATING ACTIVITIES	**(2,454,623)**	**(1,508,446)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from Sale of Property and Equipment	2,036,614	-
Purchases of Property and Equipment	(1,610,764)	(1,141,760)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	425,850	(1,141,760)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Issuance of Notes Payable	-	993,344
Payment of Notes Payable and Convertible Debentures	(2,762,724)	(331,211)
Proceeds from Issuance of Convertible Debentures	5,000,000	-
Lease Liability Payments	(457,284)	(481,347)
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,779,992	180,786
NET (DECREASE) INCREASE IN CASH	(248,781)	(2,469,420)
Cash, Beginning of Period	986,121	1,530,120
CASH, END OF PERIOD	$ 737,340	$ (939,300)
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest Paid	$ 3,101,282	$ 4,545,392
OTHER NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Issuance of Notes for Purchase of Property and Equipment	$ -	$ 366,556
Accrued Interest and Payables Converted to Convertible Debentures	$ -	$ 6,172,097
Conversion of Notes Payable and Accrued Interest to Equity	$ -	$ 4,674,000
Conversion of Related Party Notes Payable and Accrued Interest to Notes Payable	$ -	$ 350,000

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

1. NATURE OF OPERATIONS

LPF JV, LLC and Subsidiaries (the "Company") was formed under the laws of the State of California as a limited liability company on August 2, 2016. The managing member of the Company is LPF Investor, LLC (the "MJH Member" or "Manager"), and GWC Holdings II, LLC (the "GWC Member") is a member of Company. In July 2021, all members of the Company transferred their interest into LPF Holdco, LLC, a newly created entity. Concurrent with the creation of LPF Holdco, LLC, the Company was converted from a limited liability Company to a corporation. The Company hence changed its name from LPF, JV, LLC to LPF JV, Corporation. As a result of the conversion, the Company issued 1,000,000 shares of common stock to LPF Holdco, LLC. LPF Holdco, LLC now 100 percent of the Company issued and outstanding common stock. The Company's registered office is located at 2300 Sepulveda Blvd, Los Angeles, California 90064.

The Company is a licensed cannabis operator engaged in cultivating, manufacturing, and distributing medical and adult use cannabis products in the wholesale market and began operations in 2018.

The Company operates in California where cannabis has been legalized at the state level for medicinal and recreational use. Marijuana is not classified as a legal substance at the Federal level in the United States as of September 30, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The unaudited interim condensed consolidated financial statements of the Company have been prepared in accordance with International Accounting Standards ("IAS") 34, *"Interim Financial Reporting"* ("IAS 34"), using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

The unaudited interim condensed consolidated financial statements do not include all of the information required for full annual financial statements. The accounting policies and critical estimates applied by the Company in these unaudited interim condensed consolidated financial statements are the same as those applied in the Company's consolidated financial statements as of and for the year ended December 31, 2020. Unless otherwise stated, these policies have been consistently applied to all periods presented. These unaudited interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements.

These unaudited interim condensed consolidated financial statements were authorized for issuance by the Board of Directors of the Company on January 24, 2022.

Liquidity and Going Concern

These unaudited interim condensed consolidated financial statements have been prepared with the assumption 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. As of September 30, 2021, the Company had not achieved profitable operations and had incurred a loss of $19,777,238 and $55,905,442 for the three and nine months ended September 30, 2021, respectively compared to a loss of $6,456,989 and $13,549,920 for the three and nine months ended September 30, 2020, respectively. In addition, it had cash used in operating activities of $2,454,623 for the nine months ended September 30, 2021, and a working capital deficit of $27,029,581 as of September 30, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) Basis of Presentation *(Continued)*

The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. While the Company has been successful in raising the necessary funding to continue operations in the past, there no indication that it will continue to be able to do so in the future. These factors indicate the existence of a substantial doubt as to the Company's ability to continue as a going concern. These unaudited interim condensed consolidated financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern.

COVID-19

The COVID-19 pandemic promoted various recommendations and safety measures from governmental authorities to try and limit the pandemic. The response of governmental authorities is having a significant impact on the private sector and individuals, including unprecedented business, employment and economic disruptions. During the current reporting period, aspects of the Company's business continue to be affected by the COVID-19 pandemic, with the Company's offices and retail stores operating within local rules and regulations. While the ultimate severity of the outbreak and its impact on the economic environment is uncertain, the Company is monitoring this closely. In the event that the Company were to experience widespread transmission of the virus at one or more of the Company's facilities, the Company could suffer reputational harm or other potential liability. Further, the Company's business operations may be materially and adversely affected if a significant number of the Company's employees are impacted by the virus.

(b) Basis of Measurement

These unaudited interim condensed consolidated financial statements have been prepared on the going concern basis, under the historical cost convention. Biological assets are measured at fair value less costs to sell and certain financial instruments are measured at fair value.

(c) Functional Currency

The Company and its subsidiaries functional currency, as determined by management, is the United States ("U.S.") dollar. These unaudited interim condensed consolidated financial statements are presented in U.S. dollars.

(d) Basis of Consolidation

As of September 30, 2021 and December 31, 2020, these unaudited interim condensed consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries and entities over which the Company has control as defined in IFRS 10. Entities over which the Company has control are fully consolidated from the date control commences until the date control ceases. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities. In assessing control, potential voting rights that are currently exercisable are taken into account. All of the consolidated entities were under common control during the entirety of the periods for which their respective results of operations were included in the consolidated statements (i.e., from the date of their acquisition). All intercompany balances and transactions are eliminated on consolidation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Basis of Consolidation *(Continued)*

The following are the Company's wholly-owned subsidiaries that are included in these unaudited interim condensed consolidated financial statements as of September 30, 2021 and December 31, 2020:

Subsidiaries	Location	Purpose
Greenfield Organix, Inc.	Greenfield, CA	Cultivation and Manufacturing
Greenfield Prop Owner II, LLC	Greenfield, CA	Real Estate
Greenfield Prop Owner, LLC	Greenfield, CA	Real Estate
LPF North, LLC	Redway, CA	Real Estate
LP-KP IP Holdings, LLC	Greenfield, CA	Intellectual Property
Benmore LPFN, LLC	Lakeport, CA	Real Estate
LPF RE Manager, LLC	Greenfield, CA	Employees
LPF 4th Street, LLC	Greenfield, CA	Real Estate
CDRS Owner, LLC	New York, NY	Real Estate
LPF Consulting Group, LLC	Beverly Hills, CA	Holds Equipment
CDRS Investor, LLC	New York, NY	Investment
Gilded Creek Partners, Inc.	City of Redway, CA	License Holder
LPF Michigan, LLC	Lansing, MI	Real Estate
LPF Ohio, LLC	New York, NY	Investment
Altum LPF, LLC	Arcata, CA	Real Estate
LPF Bellflower, LLC	New York, NY	Investment
Evergreen LPFN, LLC	New York, NY	Real Estate
Humboldt Partner Group, Inc. dba Altum Mind	Arcata, CA	Distribution

Affiliates are entities controlled by the Company, in which the Company does not hold direct ownership but has the power to control the operation of the entities. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The financial statements of affiliates are included in the financial statements from the date that control commences until the date that control ceases. All inter-company transactions, balances, income and expenses are eliminated in full upon consolidation. These unaudited interim condensed consolidated financial statements included the accounts of the Company and its affiliates as of September 30, 2021 and December 31, 2020:

Affiliates	Location	Purpose
Mondo California, Inc.	City of Redway, CA	License Holder
Redhunt Corporation	Greenfield, CA	License Holder
Auric Valley, Inc.	Greenfield, CA	License Holder
Honey Pot JV, LLC	Greenfield, CA	Cannabis Brand and Intellectual property Company
Lansing Partners, LLC	Lansing, MI	License Holder
NRC CDRS Owner, LLC	New York, NY	Investment
PDLP JV, LLC	West Hollywood, CA	Investment
CDRS JV, LLC	LaJolla, CA	Investment

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Impairment of Long-Lived Assets

The Company evaluates the carrying value of long-lived assets at the end of each reporting period whether there is any indication that a long-lived asset is impaired. Such indicators include evidence of physical damage, indicators that the economic performance of the asset is worse than expected, decline in asset value that is more than the passage of time or normal use, or significant changes occur with an adverse effect on the Company's business. If any such indication exists, the Company estimates the recoverable amount of the asset, which is determined as the higher of the asset's fair value less costs of disposal and its value-in-use. Fair value is determined in accordance with IFRS 13, *"Fair Value Measurement"*. Costs of disposal are the direct added costs only. Value-in-use is assessed based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects applicable market and economic conditions, the time value of money and the risks specific to the asset. An asset is impaired when its carrying amount exceeds its recoverable amount. The Company measures impairment based on the amount by which the carrying value exceeds the estimated recoverable amount of the long-lived asset (See Note 6).

(f) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(g) Income Taxes

From January 1, 2021 through July 31, 2021 and for the year ended December 31, 2020, the Company and the majority of its consolidated subsidiaries were classified as Limited Liability Companies and taxed as partnership for U.S. income tax purposes. As such, the Company's and its subsidiaries' taxable income were allocated to the Members for inclusion on their respective returns. Greenfield Organix, Inc. and Humboldt Partners Group, Inc., are taxed as C-corporations and file on a de-consolidated basis.

As of September 30, 2021 and December 31, 2020, the tax expense recognized in profit or loss comprises the sum of current and deferred taxes not recognized in other comprehensive loss or directly in equity.

On July 31, 2021, the Company's parent entity, LPF JV, LLC, converted to a corporation and renamed itself LPF JV Corporation. The Company is eligible to file consolidated tax returns. If management elects to file as a consolidated group, all entities in the consolidated group are required to be included. Management is reviewing the impact of IRC 280E as it relates to a consolidated group.

The change in tax status, from a Limited Liability Company (taxed as a partnership) to a C Corporation, resulted in computing the cumulative deferred tax assets and liabilities on the date of conversion, July 31, 2021 and the two months ended September 30, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Income Taxes *(Continued)*

Current Tax

Current tax assets and/or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

(h) Convertible Debentures

Convertible debentures are financial instruments that are accounted for separately dependent on the nature of their components. The identification of such components embedded within a convertible debenture requires significant judgment given that it is based on the interpretation of the substance of the contractual agreement. Where the conversion option has a fixed conversion rate, the financial liability, which represents the obligation to pay coupon interest on the convertible debentures in the future, is initially measured at its fair value and subsequently measured at amortized cost. The residual amount is accounted for as an equity instrument at issuance. Where the conversion option has a variable conversion rate, the conversion option is recognized as a derivative liability measured at fair value. The determination of the fair value is also an area of significant judgment given that it is subject to various inputs, assumptions and estimates including contractual future cash flows, discount rates, credit spreads and volatility.

Fees directly attributable to the transactions are expensed as they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Share-Based Compensation

The Company's parent company has a share-based compensation plan comprised of restricted stock units which are issuable to the Company's employees. In accordance with IFRS 2 the value of the shares are allocated down to the subsidiary level.

Share-based compensation to employees and non-employees is measured at the fair value of goods or services received or the fair value of equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured. The fair value of share-based compensation is expensed over the relevant vesting period. When there are market-related vesting conditions to the vesting term of the share-based compensation, the Company uses a valuation model to estimate the probability of the market-related vesting conditions being met and will record the expense. For share-based compensation which requires vesting, the number of share-based compensation expected to vest are reviewed by type of grantee (employee, directors, non-employees) and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Forfeitures are estimated based on historical data and expected future forfeitures.

(j) Significant Accounting Judgements, Estimates and Assumptions

(i) Compound Financial Instruments and Embedded Derivatives

The identification of components embedded within financial instruments is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition of the financial instruments at issuance and the subsequent recognition of interest on the liability component. Where the conversion option has a variable conversion rate, the conversion option is recognized as a derivative liability measured at fair value through profit or loss. The residual amount is recognized as a financial liability and subsequently measured at amortized cost. The determination of the fair value is also based on a number of assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Significant Accounting Judgements, Estimates and Assumptions *(Continued)*

(ii) Goodwill Impairment

When determining the recoverable amount of the CGU or CGUs to which goodwill is allocated, the Company relies on a number of factors, including historical results, business plans, forecasts and market data. Changes in the conditions for these judgments and estimates can significantly affect the recoverable amount.

(iii) Fair Value of Financial Instruments

The individual fair values attributed to the different components of a financing transaction, notably derivative financial instruments, convertible debentures and loans, are determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and derive estimates. Significant judgment is also used when attributing fair values to each component of a transaction upon initial recognition, measuring fair values for certain instruments on a recurring basis and disclosing the fair values of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of instruments that are not quoted or observable in an active market.

3. BIOLOGICAL ASSETS

Biological assets consist of live cannabis plants. A reconciliation of the beginning and ending balances of biological assets for the nine months ended September 30, 2021 are as follows:

Balance, Beginning of Year	$ 1,925,578
Unrealized Gain on Changes in Fair Value of Biological Assets	9,572,475
Transferred to Inventory Upon Harvest	(9,337,038)
Balance, End of Period	**$ 2,161,015**

3. BIOLOGICAL ASSETS *(Continued)*

On average, the growing time for a full harvest approximates 14 weeks and 16 weeks for the nine months ended September 30, 2021. As listed below, key estimates are involved in the valuation process of the cannabis plants. The Company's estimates are subject to changes that could result in future gains or losses of biological assets. Changes in estimates could result from volatility of sales prices, changes in yields, and variability of the costs necessary to complete the harvest.

The fair value of biological assets is considered a Level 3 categorization in the IFRS fair value hierarchy. The significant estimates and inputs used to assess the fair value of biological assets include the following assumptions:

- The selling prices, which are based on average market prices in the states where the Company operated during the nine months ended September 30, 2021 and 2020;
- The cost to complete the cannabis production process post-harvest and the cost to sell;
- The stage of plant growth; and
- Expected yields from each cannabis plant.

As of September 30, 2021 and December 31, 2020, management made the following estimates in its valuation model:

- The average market price of whole flower was $1,171 (2021) and $1,324 (2020) per pound, respectively;
- The estimated fair value less costs to sell of dry cannabis was $710 (2021) and $1,245 (2020) per pound, respectively;
- Biological assets were, on average, 48% (2021) and 53% (2020) complete based on the number of days remaining to harvest;
- The average harvest yield per cannabis plant was 0.13 pounds (2021) and 0.16 pounds (2020); and
- It is expected that the Company's biological assets as of September 30, 2021 and December 31, 2020 will ultimately yield approximately 8,020 pounds and 9,330 pounds of cannabis, respectively.

The Company has quantified the sensitivity of the inputs in relation to the biological assets as of September 30, 2021 and December 31, 2020 and expects the following effect on fair value:

			Effect on Fair Value as of:	
Significant Inputs and Assumptions	**Range of Inputs**	**Sensitivity**	**September 30, 2021 (Unaudited)**	**December 31, 2020 (Audited)**
Estimated Selling Price Per Pound	$153 to $1,171 (2021) $592 to $1,954 (2020)	Increase 5% Decrease 5%	$ 123,192 $ (123,192)	$ 112,054 $ (112,054)
Estimated Yield Per Cannabis Plant	0.11 to 0.15 pounds (2021) 0.15 to 0.16 pounds (2020)	Increase 5% Decrease 5%	$ 108,304 $ (108,304)	$ 96,279 $ (96,279)

The Company's biological assets are primarily cannabis plants, and because there is no actively traded commodity market for plants or dried product, the valuation of these biological assets is obtained using valuation techniques where the inputs are based upon unobservable market data (Level 3 inputs). A slight increase in the estimated yield per plant would result in a significant increase in fair value, and vice versa.

4. INVENTORIES

As of September 30, 2021 and December 31, 2020, inventories consisted of the following:

	September 30, 2021	December 31, 2020
	Unaudited	Audited
Harvested and Purchased Cannabis	$ 1,578,617	$ 2,831,555
Work In Progress	2,688,320	2,890,090
Packaging and Other Non-Finished Goods	2,725,392	2,169,505
Finished Goods	5,167,928	7,080,711
Total Inventories	**$ 12,160,257**	**$ 14,971,861**

During the nine months ended September 30, 2021 and 2020, inventory costs expensed to cost of goods sold were $31,926,929 and $28,606,857, respectively.

5. PROPERTY AND EQUIPMENT

A reconciliation of the beginning and ending balances of property and equipment for the nine months ended September 30, 2021 is as follows:

	Land	Building	Right of Use Asset	Leasehold Improvements	Manufacturing Equipment	Furniture and Fixtures	Vehicles	Construction in Progress	Total
Cost									
Balance as of December 31, 2020	$ 15,142,290	$ 40,249,235	$ 4,128,730	$ 725,088	$ 7,092,893	$ 2,999,472	$ 842,012	$ 8,085,470	$ 79,265,190
Additions	-	-	-	38,417	441,021	72,741	38,285	1,020,300	1,610,764
Transfers	-	-	-	177,605	450,816	541,811	-	(1,170,232)	-
Disposals	(2,474,911)	(1,003,717)	-	-	-	-	(34,406)	(18,183)	(3,531,217)
Balance as of September 30, 2021	**$12,667,379**	**$39,245,518**	**$4,128,730**	**$ 941,110**	**$ 7,984,730**	**$ 3,614,024**	**$ 845,891**	**$ 7,917,355**	**$ 77,344,737**
Accumulated Depreciation									
Balance as of December 31, 2020	$ -	$ (3,674,446)	$ (631,303)	$ (97,993)	$ (2,640,151)	$ (848,924)	$ (205,617)	$ -	$ (8,098,434)
Depreciation Expense	-	(909,670)	(177,726)	(54,444)	(896,822)	(445,343)	(92,248)	-	(2,576,253)
Disposals	-	6,101	-	-	-	-	-	15,974	22,075
Balance as of September 30, 2021	**$ -**	**$ (4,578,015)**	**$ (809,029)**	**$ (152,437)**	**$ (3,536,973)**	**$ (1,294,267)**	**$ (297,865)**	**$ 15,974**	**$ (10,652,612)**
Net Balance as of September 30, 2021	**$12,667,379**	**$34,667,503**	**$3,319,701**	**$ 788,673**	**$ 4,447,757**	**$ 2,319,757**	**$ 548,026**	**$ 7,933,329**	**$ 66,692,125**
Net Balance as of December 31, 2020	**$15,142,290**	**$36,574,789**	**$3,497,427**	**$ 627,095**	**$ 4,452,742**	**$ 2,150,548**	**$ 636,395**	**$ 8,085,470**	**$ 71,166,756**

Depreciation expense of $820,805 and $809,743 was included in cost of goods sold for the nine months ended September 30, 2021 and 2020, respectively. As of September 30, 2021 and December 31, 2020, $155,749 and $198,381 was included in inventory, respectively.

6. INTANGIBLE ASSETS

A reconciliation of the beginning and ending balances of intangible assets as of September 30, 2021 is as follows:

	Customer Lists	Brand Names	Licenses	Non-Compete	Total
Cost					
Balance as of December 31, 2020	$ 60,000	$ 9,739,000	$ 2,034,000	$ 41,000	$ 11,874,000
Impairment of Intangible Assets	-	(1,672,000)	-	-	(1,672,000)
Balance as of September 30, 2021	**$ 60,000**	**$ 8,067,000**	**$ 2,034,000**	**$ 41,000**	**$ 10,202,000**
Accumulated Amortization					
Balance as of December 31, 2020	$ (60,000)	$ (3,680,671)	$ -	$ (24,000)	$ (3,764,671)
Amortization Expense	-	(430,479)	-	(4,250)	(434,729)
Balance as of September 30, 2021	**$ (60,000)**	**$ (4,111,150)**	**$ -**	**$ (28,250)**	**$ (4,199,400)**
Net Balance at September 30, 2021	**$ -**	**$ 3,955,850**	**$ 2,034,000**	**$ 12,750**	**$ 6,002,600**
Net Balance at December 31, 2020	**$ -**	**$ 6,058,329**	**$ 2,034,000**	**$ 17,000**	**$ 8,109,329**

During nine months ended September 30, 2021, the Company's revenue related to acquired brand names were not at the level as projected at acquisition, which is an indicator of impairment. The fair value of the brand name was determined based on a third-party appraisal using a fair value less cost to dispose ("FVLCD") approach using unobservable inputs (level 3). As a result, the Company recognized $1,672,000 impairment loss for the nine months ended September 30, 2021.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As of September 30, 2021 and December 31, 2020, accounts payable and accrued liabilities consisted of:

	September 30, 2021	December 31, 2020
	Unaudited	Audited
Accounts Payable	$ 22,902,494	$ 19,024,407
Accrued Expenses	2,952,902	1,856,724
Accrued Salaries and Wages	1,408,188	1,061,352
Accrued Interest	283,854	145,312
Total Accounts Payable and Accrued Liabilities	**$ 27,547,438**	**$ 22,087,795**

8. EXCISE AND CULTIVATION TAX LIABILITY

The Company's distribution to retail licensed customers creates the obligation to collect excise tax from the retailer in the State of California. The Company is also obligated to remit cultivation tax that is collected from the cultivators. If the product purchased from cultivators are sold to a manufacture or distributor, the cultivation tax is passed to the manufacturer or distributor. If the cultivation products are consumed by the Company in the process of manufacturing, or distributions, the Company is obligated to remit the cultivation tax when the manufactured products produced are sold. In instances in which the Company cultivates its own products which are then consumed in the manufacturing process, the Company is obligated to remit the cultivation tax when the manufactured products are sold.

8. EXCISE AND CULTIVATION TAX LIABILITY *(Continued)*

During 2019 and 2018 the Company was unable to make the required excise tax payments. The Company negotiated a payment plan with the California Department of Tax and Fee Administration ("CDTFA"). Accordingly, the Company was assessed penalties and interest. Beginning in 2019, the Company entered into payment plans with the CDTFA. During 2020, the CDTFA provided tax payment relief in the form of deferrals due to COVID-19. 90-day deferrals were granted for April, May and June payments. The CDTFA offered to extend a 12 month payment for the amounts owed plus interest in which the company entered into with the CDTFA incurring penalties and interest for the unpaid amounts. As of September 30, 2021 and December 31, 2020, the penalties and accrued interest outstanding is approximately $14,078,911 and $12,543,150, respectively. The Company successfully applied with the CDTFA for relief of the 2018 penalties in the amount of $1,616,241. As the Company pays off each quarter relating to 2019 tax and interest, the Company will apply with the CDTFA for relief of the related penalties. The balance reflected on the Company's unaudited interim condensed consolidated statement of financial position, represents all penalties, interest and unpaid excise taxes as of September 30, 2021 and December 31, 2020.

9. LEASE LIABILITIES

A reconciliation of the beginning and ending balance of lease liabilities for the nine months ended September 30, 2021 is as follows:

	September 30, 2021
Balance as beginning of period	$ 4,227,804
Interest Expense Accrual	476,667
Payments of Principal and Interest	(457,284)
Balance at end of period	4,247,187
Less Current Portion of Lease Liabilities	(623,856)
Lease Liabilities, Net of Current Portion	**$ 3,623,331**

The discount rate applied to the leases was 15.0%. The remaining term of the lease as of September 30, 2021 was 16.50 years.

10. NOTES PAYABLE

The following is a summary of the Notes Payable outstanding as of September 30, 2021 and December 31, 2020, respectively

	September 30, 2021 Unaudited	December 31, 2020 Audited
Vehicle Notes maturing through October 2024 with interest rates up to 6.34%	$ 255,627	$ 353,390
Notes Payable, maturing through December 2024 bearing interest up to 12.5%	773,371	916,073
Notes Payable, maturing through April 2025 bearing interest up to 12.5%	229,084	255,222
Mortgage Notes maturing through January 2021 with interest accruing at 12.5%. Subsequently amended to January 2022	11,499,910	13,499,910
Mortgage Note maturing through April 2033 with interest accruing at 5.25%.	834,560	873,181
Total Notes Payable	13,592,552	15,897,776
Less Current Portion of Notes Payable	(11,499,910)	(13,945,369)
Notes Payable, Net of Current Portion	**$ 2,092,642**	**$ 1,952,407**

10. NOTES PAYABLE *(Continued)*

For the nine months ending September 30, 2021, changes in notes payable are as follows:

Balance as beginning of period	$ 15,897,776
Cash Payments	(2,305,224)
Balance at end of period	**$ 13,592,552**

The following are significant terms of certain notes payable agreements outstanding:

Mortgage Note

On October 24, 2017, the Company's wholly owned subsidiaries, Greenfield Property Owner, LLC and Greenfield Property Owner II, LLC, entered into a loan agreement with a mortgage lender. The lender agreed to lend the Company a maximum principal amount of $32,500,000. The note bears interest at a rate of 12.5% per annum and matures on October 24, 2019. In addition, there are three, one-year extensions available under the loan agreement. As of December 31, 2020, the Company exercised a three-month extension. The maturity date is now January 24, 2021. The loan is secured by certain assets of the Company and contains guarantees from members of the Company. On January 24,2021, the Company exercised its final one-year extension extending the maturity date to January 24, 2022.

11. CONVERTIBLE DEBENTURES

The following is a summary of the Convertible Debentures outstanding as of September 30, 2021 and December 31, 2020, respectively:

	September 30, 2021	December 31, 2020
	Unaudited	Audited
Convertible Debentures, accruing interest at 15.0% per year and matures in December 2022.	$ 119,842,000	$ 70,948,568
Total Convertible Debentures	119,842,000	70,948,568
Less Current Portion of Convertible Debentures	-	-
Convertible Debentures, Net of Current Portion	**$ 119,842,000**	**$ 70,948,568**

For the nine months ending September 30, 2021, changes in convertible debentures are as follows:

	September 30, 2021
Balance as beginning of period	$ 70,948,568
Cash Additions	5,000,000
Non-Cash Additions - PIK Interest	8,605,153
Cash Payments	(457,500)
Change in Fair Value of Convertible Debentures	35,745,779
Balance at end of period	**$ 119,842,000**

11. CONVERTIBLE DEBENTURES *(Continued)*

The following are significant terms of the convertible debentures agreement outstanding:

In October 2018, the Company underwent an offering of unsecured convertible debentures of the Company by way of a private placement subject to all required regulatory approvals at a price per offered security of $1,000 for total gross proceeds of up to $30,000,000, with the potential to upsize to $50,997,000 (the "Convertible Debentures"). Each Convertible Debenture is convertible into equity securities of the Company. The term of the Convertible Debentures is for a period of 24 months from the closing date (the "Maturity Date"). The conversion feature in the convertible debenture allows for all outstanding principal and accrued interest on the Convertible Debentures to automatically convert into the same type of security issued in connection with a go-public Transaction at a price equal to the lower of (a) in the event that the go-public transaction occurs on or before March 31, 2019, a 25% discount to the issue price of the go-public Securities and a predetermined valuation cap; and (b) in the event that the go-public transaction occurs after March 31, 2019 but before the Maturity Date, a 30% discount to the go-public issue price and a predetermined valuation cap.

In the event the Company does not enter into a go-public transaction, the holder of the Convertible Debenture may elect, at maturity be repaid in cash or to convert their Convertible Debenture and all unpaid and accrued interest at a predetermined valuation cap as defined in the agreement. As of November 2020, the Convertible Debentures were restructured, see below.

The Company performed its analysis on these conversion features and compensation options and determined that the automatic conversion feature and compensation options are considered derivative instruments under IAS 32, *"Financial Instruments"* due to the potential variability in the number of equity instruments to be issued upon automatic conversion. Further as allowed under IFRS 9, the Company elected to fair value the entire convertible debt at issuance and at each reporting date with changes in fair value recorded as a component of profit and loss.

The Company used the Monte Carlo simulation model taking into account the fair value of the Company's equity on the date of grant and as of year-end and into the future encompassing a wide range of possible future market conditions to estimate the fair value of the convertible debentures at issuance and at each reporting date. This Monte Carlo simulation model uses Level 3 inputs in its valuation model. The key Level 3 inputs used by management to determine the fair value are the expected future volatility (47% - 73% for 2021 and (94.9% - 108.9% for 2020) in the price of the Company's member interest, the risk-free interest rate (0.05% - 0.14% for 2021 and 0.09% - 0.13% for 2020) and the expected life of the convertible debentures (0.41 years – 1.3 years for 2021 and 0.5 years – 2.0 years for 2020) and probable outcomes of certain future transactions (5% - 95% for 2021 and 5% - 50% for 2020).

11. CONVERTIBLE DEBENTURES *(Continued)*

In November 2020, the Company underwent a restructuring of the unsecured convertible debentures of the Company. Outstanding principal and interest totaling $59,659,588 converted to principal under the new agreement along $7,174,929 of principal and interest from a promissory note. Each Convertible Debenture is convertible into equity securities of the Company. The term of the Convertible Debentures is for a period of 25 months from the closing date (the "Maturity Date"). The restructuring agreement authorized the issuance of an additional $25,000,000 of debentures. In March 2021, the Company issued $5,000,000 of debentures related to the authorized $25,000,000 additional debentures. The optional conversion feature in the convertible debenture allows for all outstanding principal and accrued interest on the Convertible Debentures to automatically convert into the same type of security issued in connection with (a) a Qualifying Fundamental Transaction at a conversion price of the lesser of (i) sixty-five percent (65%) of the value of the consideration received for each unit pursuant to such transaction, and (ii) the price equal to Applicable Go Public Valuation Cap, as defined in the agreement, fully diluted outstanding units prior to such transaction. (b) The "Go Public Valuation Cap" is $212,500,000 prior to the first anniversary of the effective date and $200,000,000 thereafter. (c) Optional upon the occurrence of a Qualified Equity Financing, as defined in the agreement, at a conversion price of the lesser of (i) 65% of the price per unit paid in such financing, and (ii) the price equal to $225,000,000 divided by fully diluted outstanding unit prior to such financing.

In the event the Company does not enter into a go-public transaction, the holder of the Convertible Debenture may elect to convert at maturity (or prior to maturity at the option of the Company) at a conversion price of $225,000,000 fully diluted outstanding units to convert their Convertible Debenture and all unpaid and accrued interest at a predetermined valuation cap, as defined in the agreement. As of September 30, 2021 and December 31, 2020, the Company was in compliance with covenants under the agreement.

12. SHAREHOLDERS' EQUITY

In July 2021, all members of the Company transferred their interest into LPF Holdco, LLC, a newly created entity. Concurrent with the creation of LPF Holdco, LLC, the Company was converted from a limited liability Company to a corporation. The Company hence changed its name from LPF, JV, LLC to LPF, JV, Corporation. As a result of the conversion, the Company issued 1,000,000 shares of common stock to LPF Holdco, LLC. LPF Holdco, LLC now 100 percent of the Company's common stock outstanding.

In conjunction with the conversion of the Company from a limited liability company to a corporation, the Company articles of incorporation allows a maximum of 1,500,000 authorized common stock with a par value of $0.001. As of September 30, 2021, total common stock outstanding is 1,000,000.

Warrants

As of September 30, 2021 and December 31, 2020 there were 0 and 2,296 warrants outstanding. During the year ended December 31, 2019, the Company issued warrants with respect to a loan to the Company. These warrants have an exercise price to be determined upon a future transaction. The number of warrants to be delivered and exercise price are based upon an agreed value of $4,531,042. The Company assessed these warrants and concluded that they are derivative liabilities. As of September 30, 2021, the warrants expired and are no longer outstanding. As of December 31, 2020, the total fair value of the derivative liability was $269,126.

13. RELATED PARTY TRANSACTIONS

Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executive and non-executive persons. Compensation Provided to Key Management for the nine months ended September 30, 2021 and 2020 are as follows:

	September 30, 2021 Unaudited	September 30, 2020 Unaudited
Employee Benefits, Including Salaries and Bonuses	$ 766,300	$ 729,600
Total Key Management Compensation	**$ 766,300**	**$ 729,600**

Related Party Balances

As of September 30, 2021 and December 31, 2020, the Company had accrued approximately $3,266,000 to GWC Member for reimbursable expenses, which is included in related party payable, long term, on the accompanying unaudited interim condensed consolidated balance sheets. These amounts remain unpaid and are not expected to be paid within one year.

As of December 31, 2020, the Company has accrued approximately $1,611,000 to the sellers of Altum Mind for the cash portion of the consideration payable for the acquisition. The balance as of September 30, 2021, was approximately $1,010,000 which is not expected to be paid within one year.

Certain officers of the Company loaned the Company money which are due on demand in prior years. The amount due as of September 30, 2021 and December 31, 2020 is approximately $360,000 and $439,000, respectively.

In July 2021, the Company's parent company issued long-term incentive plan units to certain employees of the Company. As of September 30, 2021, the long-term incentive plan units outstanding that were issued to the employees of the Company by the parent company was 9,374,105. The Company recorded $1,628,000 in share-based compensation expense and related equity contribution by the parent company. As of September 30, 2021, there remains approximately $174,000 in unamortized share-based compensation expense. The authorized RSU under the long-term incentive plan at the parent company is not set and can be adjusted from time to time as allowed under the plan. Generally RSU's vest over 1) a as determined service period, 2) when a liquidity event, as defined in the plan and 3) upon expiration of the lock up period, as defined in the plan.

14. GENERAL AND ADMINISTRATIVE EXPENSES

For the nine months ended September 30, 2021 and 2020, general and administrative expenses consisted of the following:

	September 30, 2021 Unaudited	September 30, 2020 Unaudited
Salaries, Wages and Related Costs	$ 3,368,366	$ 3,733,800
Facility and Related Costs	143,992	116,536
Bad Debt	39,380	461,462
Professional Fees	780,726	733,796
Licenses, Fees and Taxes	861,154	751,879
Other General and Administrative	766,716	711,224
Travel and Entertainment	282,013	145,206
Total General and Administrative Expenses	**$ 6,242,347**	**$ 6,653,903**

15. INCOME TAXES

As of September 30, 2021, net deferred tax was $921,426 of which $855,881 relates to Greenfield Organix and $65,545 relates to Humboldt Partner Group, Inc. The utilization of deferred tax assets are dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences and the Company has suffered a loss in either the current or preceding period in the tax jurisdiction to which the deferred tax assets relates.

In assessing the probability that the deferred tax assets will be realized, management considers whether it is more likely than not that some portion of the deferred tax assets will not be realized. The Company has historically maintained a full provision for its deferred tax asset balances but restored the portion of its deferred tax assets related to both Greenfield Organix and Humboldt Partner Group, Inc. as both companies expect to utilize the federal portion of these assets by the year ended December 31, 2021.

As the Company operates in the cannabis industry, it is subject to the limits of U.S. IRC Section 280E under which the Company is only allowed to deduct expenses directly related to costs of product. As it relates to Greenfield Organix, Inc. and Humboldt Partner Group, Inc., this results in permanent differences between ordinary and necessary business expenses deemed non-allowable under U.S. IRC Section 280E. The State of California does not conform to U.S. IRC Section 280E.

Federal and California tax laws imposes significant restrictions on the utilization of net operating loss carryforwards in the event of a change in ownership of the Company, as defined by Internal Revenue Code Section 382 (Section 382). The Company does not believe a change in ownership, as defined by Section 382, has occurred. The Company has combined federal and California operating loss carryforwards of approximately $6,330,000 and $37,800,000, respectively, which includes approximately $3,900,000 of combined federal operating loss carryforwards from Greenfield Organix and Humboldt Partner Group, Inc., expected to be utilized by December 31, 2021. Any federal net operating loss carryforwards (arising post December 22, 2017), if not utilized, will carryover indefinitely. The state net operating loss carryforwards, if not utilized, will expire beginning in 2041. California suspended the use of net operating losses for three years starting in 2020.

As of the date of these consolidated financial statements, the Company has received notice of an audit by the IRS for certain subsidiaries. As a result, management assessed that taxes and penalties may be incurred and accrued approximately $600,000.

15. INCOME TAXES *(Continued)*

The Bipartisan Budget Act of 2015 (the" Budget Act") provides new rules for the audits of entities treated as partnerships for taxable years beginning on or after January 1, 2018. These rules will only apply in the event the Internal Revenue Service (IRS) audits the Company's tax return. Should the Company subsequently receive such a notice and should the audit result in adjustments increasing the taxable income of the members, the Company may be liable for payment of the income taxes that would have been imposed on the members. Given that the Company converted from a Limited Liability Company (tax as a partnership for US tax purposes) to a C Corp on July 31, 2021, the new entity is not subject to the Budget Act on a go forward basis. Any audit of the predecessor company will be the responsibility of the legacy partners and has no effect on the new Company.

16. SEGMENTED INFORMATION

The Company currently operates in one segment, the distribution cannabis segment. While the Company has cultivation operations, all cultivation sales are sold to its distribution operating entities. Intercompany sales and transactions are eliminated in consolidation.

17. COMMITMENTS AND CONTINGENCIES

(a) Contingencies

The Company's operations are subject to a variety of federal, local and state regulations. Failure to comply with one or more of these regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulations as of September 30, 2021 and December 31, 2020, marijuana regulations continue to evolve and are subject to differing interpretations. In addition, the use, sale, and possession of cannabis in the United States, despite state laws, is illegal under federal law. However as previously noted, individual states have enacted legislation permitting exemptions for various uses, mainly for medical and industrial use but also including recreational use. As a result of the differing state and federal laws, the Company may be subject to regulatory fines, penalties or restrictions in the future.

(b) Claims and Litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As September 30, 2021 and December 31, 2020, other than described below, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations.

As of September 30, 2021 and December 31, 2020, the Company recorded a provision of $360,000 and $440,000 related to employee matters and other disputes. The amount recorded is the Company's estimate of the liability to be paid upon settlement of the disputes.

(c) Other

The Company has paid City of Greenfield Cannabis Taxes for all prior years as billed. The final amount for the year 2021 is due on January 31, 2022 and the Company expects to pay the total outstanding amount on or before that date. During November 2021, the Company was notified by the City of Greenfield of potential additional cannabis taxes due for prior years related to the burned down greenhouses. Management of the Company is unable at this time to render an opinion with any reasonable degree of certainty as to the outcome and likelihood of the amount or range of additional tax that may be incurred by the Company, if any.

18. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through January 24, 2022, which is the date these unaudited interim condensed consolidated financial statements were available to be issued and has concluded that the following subsequent events have occurred that would require disclosure in the notes to the consolidated financial statements.

On November 29, 2021 Harborside Inc. ("Harborside"), UL Holdings, Inc. ("Urbn Leaf") and the Company, entered into definitive agreements in which Harborside will acquire Urbn Leaf and the Company, subject to shareholder and regulatory approval. Following completion of the transactions, Harborside is expected to be renamed StateHouse Holdings ("StateHouse"), subject to shareholder and regulatory approval.

In connection with the proposed merger, various stakeholders of the Company have entered into the support agreement agreeing to inter alia support an amendment of the terms of the Company's Convertible Debentures to (a) reflect the issuance of the carryover notes to evidence the aggregate $25,000,000 principal amount of the Company's Convertible Debentures that will remain outstanding on the Company's closing date and (b) cause the balance of the Company's Convertible Debentures to convert into or be exchanged for equity of entities to be further defined in the agreement, which will entitle the holders thereof to receive distributions of the Company's equity consideration in accordance with their respective limited liability company operating agreements.

Subsequent to September 30, 2021, the Company has undertaken a private placement of up to an aggregate of up to $10,000,000 principal amount of Senior Convertible Debentures. As of the date of this financial statement, the Company has completed the sale of $3,200,000 of such Senior Convertible Debentures.

APPENDIX P
URBN LEAF AUDITED ANNUAL FINANCIAL STATEMENTS

(see attached)

Combined & Consolidated Financial Statements
As Of And For the Years Ended December 31, 2020 & 2019

Prepared in accordance with International Financial Reporting Standards

(Expressed in United States Dollars Unless Otherwise Stated)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of
UL Holdings Inc. and subsidiaries

Opinion

We have audited the combined and consolidated financial statements of UL Holdings, Inc. and subsidiaries (the "Company"), which comprise the combined and consolidated statements of financial position as of December 31, 2020 and 2019, and the related combined and consolidated statements of loss, changes in stockholders' equity (deficit) and cash flows for the years then ended, and notes to the combined and consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying combined and consolidated financial statements present fairly, in all material respects, the financial position of UL Holdings, Inc. and subsidiaries as of December 31, 2020 and 2019, and of their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audits in accordance with International Standards on Auditing (ISAs). 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 audits of the combined and consolidated financial statements in the United States of America, 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 audit opinion.

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 IFRSs, 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 combined and consolidated 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 ISAs 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 ISAs, 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 UL Holdings, Inc.'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 audits.

PKF San Diego, LLP
San Diego, California

January 14, 2022

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UL HOLDINGS INC. AND SUBSIDIARIES
COMBINED & CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 & 2019

ASSETS	Note	2020	2019
CURRENT ASSETS:			
Cash		$ 5,997,087	$ 6,547,907
Accounts receivable, net		628,627	1,876,838
Inventories		5,092,656	5,323,657
Other current assets	4	1,329,037	6,669,246
Total current assets		13,047,407	20,417,648
Due from other entities	5	1,455,651	1,972,101
Deferred tax assets	14	-	1,429,606
Investments	2	1,394,079	5,510,927
Property and equipment, net	7	14,349,103	18,772,373
Assets held for sale	6	4,421,301	1,930,702
Right-of-use assets, net	13	20,170,209	19,465,043
Intangible assets	8	18,176,011	12,123,808
Goodwill	8	2,798,956	-
TOTAL ASSETS		**$ 75,812,717**	**$ 81,622,208**
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Accounts payable		$ 7,509,516	$ 5,089,190
Accrued liabilities	9	1,483,088	1,213,015
Payroll liabilities	10	1,453,735	1,452,912
Taxes payable	2 & 14	5,492,197	2,522,005
Excise taxes payable	2 & 16	5,295,622	1,343,192
Lease liability, current portion	13	717,118	451,303
Notes payable, current portion	12	8,469,182	13,299,982
Total current liabilities		30,420,458	25,371,599
Lease liability, net of current portion	13	25,592,317	22,318,874
Notes payable, net of current portion	12	5,193,600	232,216
Deferred tax liability	14	248,949	-
TOTAL LIABILITIES		**61,455,324**	**47,922,689**
STOCKHOLDERS' EQUITY:			
Undesignated preferred stock (no par value, 6,310,345 shares authorized; no shares issued and outstanding as of December 31, 2020 and 2019)		$ -	$ -
Series A preferred stock (No par value, 3,689,655 shares authorized; 3,122,649 issued and outstanding as of December 31, 2020 and 2019, respectively)	11	41,583,347	41,583,347
Common stock (No par value, 30,000,000 shares authorized; 10,000,000 shares issued and outstanding as of December 31, 2020 and 2019, respectively)		-	-
Contributed surplus	11	5,051,029	4,172,407
Noncontrolling interest		(2,198,456)	3,784,327
Accumulated deficit		(30,078,527)	(15,840,562)
TOTAL STOCKHOLDERS' EQUITY		14,357,393	33,699,519
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**$ 75,812,717**	**$ 81,622,208**

COMMITMENTS AND CONTINGENCIES (NOTES 15 & 16)
SUBSEQUENT EVENTS (NOTE 18)

Approved on behalf of the Board of Directors

Edward M. Schmultz — *Director*

Willie Senn (Jan 15, 2022 17:48 PST) — *Director*

See accompanying notes to the combined & consolidated financial statements.

UL HOLDINGS INC. AND SUBSIDIARIES
COMBINED & CONSOLIDATED STATEMENTS OF LOSS
FOR THE YEARS ENDED DECEMBER 31, 2020 & 2019

	Note	2020	2019
REVENUES, NET		$ 49,944,785	$ 38,085,866
COST OF REVENUES		37,701,919	26,313,116
Gross profit		12,242,866	11,772,750
SELLING, GENERAL & ADMINISTRATIVE EXPENSES			
Payroll expenses		7,606,220	5,905,621
Selling expenses		3,083,296	1,365,377
Share-based compensation	11	878,622	4,172,407
Advertising		662,631	1,446,366
Leases & other facility expenses	13	2,129,036	1,508,508
Professional fees, bank fees & outside services		2,699,113	3,889,137
Licenses & permits		164,614	399,988
Insurance expense		503,864	473,339
IT & software		436,362	443,328
Depreciation & amortization expense	7 & 13	1,610,013	1,087,421
Office expenses		473,422	823,625
Impairment loss	2	4,560,101	643,253
Bad debt expense	2	2,100,004	256,000
Total selling, general & administrative expenses		26,907,298	22,414,370
TOTAL OPERATING LOSS		(14,664,432)	(10,641,620)
OTHER EXPENSES			
Interest expense, net	12 & 13	(2,856,664)	(1,731,717)
Other expense		(74,295)	(132,680)
Loss on equity-method investments		-	(198,352)
Other taxes	16	(1,776,454)	(794,744)
Total other expenses		(4,707,413)	(2,857,493)
LOSS BEFORE INCOME TAX		(19,371,845)	(13,499,113)
INCOME TAX PROVISION	14	889,259	516,481
NET LOSS including noncontrolling interest		(20,261,104)	(14,015,594)
Net loss attributable to noncontrolling interests		(2,222,336)	(1,600,055)
NET LOSS		**$ (18,038,768)**	**$ (12,415,539)**

See accompanying notes to the combined & consolidated financial statements.

UL HOLDINGS INC. AND SUBSIDIARIES
COMBINED & CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2020 & 2019

	Common Shares		Preferred Shares					
	SHARES	AMT	SHARES	AMT	Contributed Surplus	Acumulated Deficit	Noncontrolling Interest	Total Stockholders' Equity (Deficit)
Balance at December 31, 2018	10,000,000	$ -	-	$ -	$ -	$ (3,674,198)	$ (58,627)	$ (3,732,825)
Issuance of shares		-	2,590,484	36,500,014	-	-	-	36,500,014
Contributions	-	-	-	-	-	280,175	-	280,175
Distributions	-	-	-	-	-	(31,000)	-	(31,000)
Share-based compensation for stock option grant	-	-	-	-	1,757,243	-	-	1,757,243
Acquired noncontrolling interest	-	-	-	-	-	-	5,443,009	5,443,009
Beneficial conversion feature on convertible debt and conversion of debt to preferred stock	-	-	532,165	5,083,333	2,415,164	-	-	7,498,497
Net loss	-	-	-	-	-	(12,415,539)	(1,600,055)	(14,015,594)
Balance at December 31, 2019	10,000,000	-	3,122,649	41,583,347	4,172,407	(15,840,562)	3,784,327	33,699,519
Contributions	-	-	-	-	-	100,356	-	100,356
Distributions	-	-	-	-	-	(60,000)	-	(60,000)
Share-based compensation for stock option grant	-	-	-	-	878,622	-	-	878,622
Noncontrolling interest	-	-	-	-	-	3,760,447	(3,760,447)	-
Net loss	-	-	-	-	-	(18,038,768)	(2,222,336)	(20,261,104)
Balance at December 31, 2020	**10,000,000**	**$ -**	**3,122,649**	**$ 41,583,347**	**$ 5,051,029**	**$ (30,078,527)**	**$ (2,198,456)**	**$ 14,357,393**

See accompanying notes to the combined & consolidated financial statements.

UL HOLDINGS INC. AND SUBSIDIARIES
COMBINED & CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 & 2019

CASH FLOWS FROM OPERATING ACTIVITIES:	2020	2019
Net loss	$ (20,261,104)	$ (14,015,594)
ADJUSTMENTS TO RECONCILE NET LOSS		
TO NET CASH USED IN OPERATING ACTIVITIES:		
Depreciation and amortization	2,498,227	1,679,311
Loss on equity-method investments	-	198,352
Loss on impairment	4,560,101	643,253
Share-based compensation	878,622	4,172,407
Customer loyalty rewards	21,965	372,908
Provision for losses on accounts receivable	2,100,004	915,848
Accrued interest	2,229,437	1,831,169
Deferred tax assets	(1,120,401)	(1,371,183)
CHANGE IN ASSETS AND LIABILITIES:		
Accounts receivable	(123,425)	(1,534,869)
Inventories	310,102	(2,208,504)
Taxes receivable	-	256,182
Other current assets	398,918	(8,355,896)
Due from other entities	(235,815)	(1,701,766)
Accounts payable	2,651,794	(1,538,555)
Accrued liabilities	255,572	383,966
Payroll liabilities	823	(903,369)
Taxes payable	6,922,622	(779,121)
Lease liability	(1,898,897)	(1,349,304)
Other long term assets	-	(87,908)
NET CASH USED IN OPERATING ACTIVITIES	(811,455)	(23,392,673)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(2,646,721)	(6,185,656)
Purchases of intangible assets	(1,375,000)	(600,000)
Investments in other entities	-	(5,315,200)
NET CASH USED IN INVESTING ACTIVITIES	(4,021,721)	(12,100,856)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on notes payable	(951,600)	(1,802,468)
Borrowings on notes payable	5,400,000	5,083,333
Deferred financing fees paid	(206,400)	-
Capital contributions	-	36,500,014
Stockholder contributions	100,356	280,175
Stockholder distributions	(60,000)	(31,000)
NET CASH PROVIDED BY FINANCING ACTIVITIES	4,282,356	40,030,054
NET (DECREASE) INCREASE IN CASH	(550,820)	4,536,525
CASH AT THE BEGINNING OF THE YEAR	6,547,907	2,011,382
CASH AT THE END OF THE YEAR	$ 5,997,087	$ 6,547,907

See accompanying notes to the combined & consolidated financial statements

UL HOLDINGS INC. AND SUBSIDIARIES
COMBINED & CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 & 2019

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
CASH PAID DURING THE YEAR FOR:		
Income taxes	$ 520,000	$ 2,650,000
Interest	$ 1,493,470	$ 488,126
NON-CASH INVESTING & FINANCING ACTIVITIES:		
Note payables issued for acquisition of property and equipment	$ -	$ 11,200,000
Note payables issued for acquisition of intangible assets	$ 1,375,000	$ 1,225,000
Disposal of note payable	$ 90,000	$ -
Conversion of debt to equity	$ -	$ 5,083,333
Acquisition of intangible assets and immaterial other assets and liabilities, net	$ 5,677,203	$ -
Recognition of goodwill	$ 2,798,956	$ -
Recognition of right-of-use assets	$ 2,213,362	$ 10,947,134
Recognition of lease liabilities	$ 3,114,780	$ 10,947,134

See accompanying notes to the combined & consolidated financial statements.

03 UL HOLDINGS INC. AND SUBSIDIARIES NOTES TO COMBINED & CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – THE COMPANY

UL Holdings Inc. (herein the "Company", "ULH Inc." or "Urbn Leaf") was organized as a limited liability company in the State of California on May 1, 2018. Originally the Company was formed under UL Holdings LLC. ULH Inc. was converted to a general business corporation November 8, 2018. Urbn Leaf specializes in building and operating quality retail stores that are supported by centralized procurement, distribution and production operations.

Urbn Leaf opened its flagship location under California's Proposition 215 and Medical Marijuana Program Act in March 2017 in San Diego, California. The flagship location opened under Bay Park Organics Cooperative, a California consumer cooperative. Under California's prior medicinal cannabis regime, medicinal cannabis businesses generally operated as nonprofit entities. Positioning for the adult-use market, the Company converted Bay Park Organics Cooperative to a business corporation under the name ULBP Inc. ULBP Inc. ("ULBP") continues to operate the Company's flagship location through the date of the financial statements.

On April 24, 2019, the Company acquired Uprooted, Inc., an operating retail facility in San Ysidro, California. On June 3, 2019, 680 Broadway Master, LLC's retail operations opened to the public in Seaside, California. On November 17, 2019, Banana LLC's retail operations opened to the public in Grover Beach, California. On July 10, 2020, Uprooted LM, LLC's retail operations opened to the public in La Mesa, California. On December 18, 2020, UL San Jose LLC's retail operations opened to the public in San Jose, California.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance and Basis of Accounting

The Company's combined and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC"). The combined and consolidated financial statements are presented in United States Dollars ($), which is the functional currency of the Company.

Authorization of Combined and Consolidated Financial Statements

These combined and consolidated financial statements were authorized for issue by the Board of Directors on January 14, 2022.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

Common Control

SBC Management Inc. was established as a stand-alone entity by one of the founders in 2016. The management company was established to provide business development and administrative support to Urbn Leaf's expansion in the California cannabis market.

In 2018, due to Urbn Leaf and SBC Management Inc. ("SBC") having commonality of ownership and being under common management control, the financial statements of the two companies were combined. The reported operating results and/or financial position of the Company could differ from what would have been obtained if such entities were autonomous. On April 30, 2019, the founder contributed 100% of SBC's stock to UL Holdings Inc.

In 2019, New Origins Management Inc. ("NOM"), a management company, provided management services solely for Uprooted, Inc ("Uprooted"). As of May 2019, NOM and Uprooted were under common management control by ULH and the financial statements of the two companies were combined. As such, the reported operating results and/or financial position of the Company could differ from what would have been obtained if such entities were autonomous.

Principles of Consolidation

The financial statements for the years ended December 31, 2020 and 2019 include the accounts of the Company, its wholly-owned subsidiaries and entities over which the Company has control as defined in IFRS 10 *Consolidated Financial Statements* ("IFRS 10"). Entities over which the Company has control are presented on a consolidated basis from the date control commences. Control, as defined by IFRS 10 for purposes of determining the consolidated basis of financial statement presentation exists when the Company is exposed to, or has right to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. All of the consolidated entities were under control, as defined in IFRS 10 for purposes of determining the consolidated basis of financial statement presentation, during the entirety of the periods for which their respective results of operations were included in the combined and consolidated statements. The combined and consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries that it controls after eliminating intercompany balances and transactions.

These combined and consolidated financial statements include the following accounts of the Company as of December 31, 2020 and 2019:

Company Name	Type	Place of Incorporation	Ownership	Principal activity
UL Holdings Inc. (ULH)	Parent Company	California	76.204% Will Senn and 23.796% Other	Holding company
ULBP Inc. (ULBP)	Wholly-owned	California	100% ULH Inc.	Flagship retail storefront, distribution and manufacturing facility
UL Management LLC	Wholly-owned	California	100% ULH Inc.	Management company
SBC Management Inc. (SBC)	Wholly-owned	California	100% ULH Inc.	Management company; Stand Alone and wholly owned by Will Senn prior to Apr 30, 2019; 100% ownership by ULH Inc. as of Apr 30, 2019
658 East San Ysidro Blvd LLC	Wholly-owned	California	100% ULH Inc.	Property including Uprooted, Inc.'s retail storefront
909 West Vista Way LLC	Wholly-owned	California	100% ULH Inc.	Property including Calgen Trading Inc.'s retail storefront
UL Holdings NV LLC	Wholly-owned	Nevada	100% ULH Inc.	Holding company
UL Kenamar LLC	Wholly-owned	California	100% ULH Inc.	Cultivation facility; pre-operating as of Dec 31, 2020
UL Products LLC	Wholly-owned	California	100% ULH Inc.	Non-cannabis activity; pre-operating as of Dec 31, 2020
Belling Distribution, Inc.	Wholly-owned	California	100% ULH Inc.	Retail delivery; pre-operating as of Dec 31, 2020
UL Chula One LLC	Wholly-owned	California	100% ULH Inc.	Retail storefront; pre-operating as of Dec 31, 2020
UL San Jose LLC	Wholly-owned	California	100% ULH Inc.	Retail storefront, cultivation, manufacturing and distribution facility
UL Gardena LLC	Wholly-owned	California	100% ULH Inc.	Agreement in place for management services of retail storefront; pre-operating as of Dec 31, 2020
Calgen Trading Inc.	Wholly-owned	California	ULH Inc. is Sole Voting Member	Retail storefront; pre-operating as of Dec 31, 2020
Uprooted, Inc. (Uprooted)	Wholly-owned	California	100% ULH Inc.	Retail storefront, acquired 100% membership interests on Oct 30, 2020, acquired 29.59% membership interests on Apr 24, 2019
Uprooted LM LLC	Wholly-owned	California	100% Uprooted, Inc., of which is 100% ULH Inc.	Retail storefront; acquired 100% membership interests on Oct 30, 2020
Lafayette Street Property Management, LLC (Lafayette)	Consolidating	California	90% ULH Inc	Retail storefront, pre-operational during 2020, held for sale as of Dec 31, 2020
UL Visalia LLC	Consolidating	California	80% ULH Inc.	Retail storefront, pre-operational during 2020, held for sale as of Dec 31, 2020
ULRB LLC	Consolidating	California	80% ULH Inc.	Retail storefront, pre-operating as of Dec 31, 2020
ULNJ, LLC	Consolidating	Delaware	80% ULH Inc.	Retail storefront, cultivation and manufacturing facility; pre-operating as of Dec 31, 2020 - licensing process is currently enjoined in New Jersey
Banana LLC (Banana)	Consolidating	California	75% ULH Inc.	Retail storefront
JLM Investment Group, LLC	Consolidating	California	66.67% ULH Inc.	Holding company for 35% of membership interests in UL La Mesa LLC

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

Company Name	Type	Place of Incorporation	Ownership	Principal activity
UL La Mesa LLC	Consolidating	California	36.25% ULH Inc. and 35% JLM Investment Group LLC, of which 66.67% is ULH Inc.	Retail storefront; pre-operating as of Dec 31, 2020
UL Calexico LLC	Consolidating	California	51% ULH Inc.	Retail storefront; pre-operating as of Dec 31, 2019. On June 19, 2020, the Company transferred its ownership interest to the sole remaining member
UL Chula Two LLC	Consolidating	California	51% ULH Inc.	Retail storefront; pre-operating as of Dec 31, 2020
680 Broadway Master LLC (Seaside)	Consolidating	California	50% ULH Inc.	Retail storefront
New Origins Management Inc.	Stand Alone	California	Other Individual	Management company for Uprooted, Inc.; acquired on Apr 24, 2019

During the years ended December 31, 2020 and 2019, the Company focused on business development and expanding operations. ULH Inc. accomplished this in one of three ways:

a. Established new companies under which it applied for cannabis business operating licenses in strategic cities, or
b. Acquired full ownership of existing companies that had already initiated the entitlement process for cannabis business operating licenses, or
c. Purchased partial interests in established business ventures with cannabis business operating licenses.

Many of the target companies were in the pre-operating phase or in the entitlement process during 2020 and 2019. Accordingly the Company provided financial support with the intent of acquiring a future interest, discussed further in Note 5.

Significant account judgments, estimates and assumptions

The preparation of the combined and consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised in any future periods affected. Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the combined and consolidated financial statements are described below:

- Estimated useful lives and depreciation of property and equipment.
- Estimate of redemption of customer loyalty rewards.
- Estimate for provision for expected credit losses.
- Recoverability of the Company's net deferred tax assets and any related valuation allowance.
- Purchase price allocation.
- Intangibles and goodwill valuations.
- Incremental borrowing rate for leases.
- Provisions
- Share-based payment arrangements

Depreciation of property and equipment is dependent upon estimates of useful lives that are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Customer loyalty rewards are earned with each purchase at the retail shops. Rewards are earned at the rate of 5% of the net transaction value.

Evaluations of about the historical patterns for the probability of default, timing of collection and the amount of incurred credit losses, which are adjusted based on management's judgment about whether economic conditions and credit terms are such that actual losses may be higher or lower than what the historical patterns suggest.

Deferred tax assets against these assets are based on management's expectations that their assets will be utilized in future periods.

Purchase price allocation was used to determine consideration paid for assets in the acquisition of Uprooted and other acquisitions.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

Evaluation and review of intangibles and goodwill purchased are done on an ongoing basis and involves significant assumptions and judgments to the continued value of those intangibles and goodwill.

IFRS 16 *Leases* ("IFRS 16") requires lessees to discount lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate. As information from the lessor regarding the fair value of underlying assets and initial direct costs incurred by the lessor related to the leased assets is generally not available, the Company uses its incremental borrowing rate when initially recording real estate leases. The Company determines the incremental borrowing rate as the interest rate the Company would pay to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, in a similar economic environment over a similar term.

The Company recognizes provisions if there is a present obligation (legal or constructive) that has arisen as a result of a past event, it is probable that the Company will be required to settle the obligation and the obligation can be reliably estimated. The Company's provision as at December 31, 2020 and 2019 relates to a provision for uncertain tax positions under Internal Revenue Code Section 280E. Many of the central issues relating to the interpretations of Section 280E remain unsettled, and there are critical accounting issues regarding the allocation of expenses to the cost of revenues. The Company evaluated these uncertain tax treatments, using a probability-weighted approach to assess the range of possible outcomes and the Company has determined that a reserve for uncertain tax position should be recorded for all years subject to statutory review (Note 14). The amount recognized as a provision reflects management's best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

The Company uses the Black-Scholes valuation model to determine the fair value of options granted to employees and directors under share-based payment arrangements, where appropriate. In estimating fair value, management is required to make certain assumptions and estimates such as the expected life of units, volatility of the Company's future share price, risk free rates, future dividend yields and estimated forfeitures at the initial grant date. Changes in assumptions used to estimate fair value could result in materially different results.

New Pronouncements

The Company is currently assessing the impact that adopting the new standards or amendments will have on its combined and consolidated financial statements. No material impact is expected upon the adoption of the following new standard:

Amendments to IAS 1 Presentation of Financial Statements ("IAS 1") - *Classification of Liabilities as Current or Non-current*

The amendment clarifies the requirements relating to determining if a liability should be presented as current or non-current in the statement of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition. The amendment applies retrospectively for annual reporting periods beginning on or after January 1, 2022. The Company is currently evaluating the potential impact of this amendment on the Company's combined and consolidated financial statements.

IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments (Amendments)

In February 2021, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgments*. The amendments help entities provide accounting policy disclosures that are more useful to primary users of financial statements by:

- Replacing the requirement to disclose "significant" accounting policies under IAS 1 with a requirement to disclose "material" accounting policies. Under this, an accounting policy would be material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that primary users of general purpose financial statements make on the basis of those financial statements.

- Providing guidance in IFRS Practice Statement 2 to explain and demonstrate the application of the four-step materiality process to accounting policy disclosures. The amendments shall be applied prospectively.

The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment)

In February 2021, the IASB issued amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendments introduce a new definition of 'accounting estimates' to replace the definition of 'change in accounting estimates' and also include clarifications intended to help entities distinguish changes in accounting policies from changes in accounting estimates. The amendments are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted. The Company is currently evaluating the potential impact of this amendment on the Company's combined and consolidated financial statements.

IAS 12 Income Taxes (Amendment)

In May 2021, the IASB issued amendments to the recognition exemptions under IAS 12 *Income Taxes*. The amendments narrowed the scope of the recognition exemption to require an entity to recognize deferred tax on initial recognition of particular transactions, to the extent that transaction gives rise to equal amounts of deferred tax assets and liabilities. These amendments apply to transactions for which an entity recognizes both an asset and liability, for example leases and decommissioning liabilities. The amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. The Company is currently evaluating the potential impact of this amendment on the Company's combined and consolidated financial statements.

Accounts Receivable

Accounts receivable consists of trade accounts receivable with ULBP's wholesale customers and amounts due from merchant servicers that facilitated debit card transactions with ULBP's and Uprooted's customers via a third-party retail delivery technology platform. The amounts due are recorded at the invoiced amount and generally do not bear interest and do not require collateral.

The Company reviews its accounts receivable amounts regularly and outstanding amounts are written down to their expected realizable value when they are determined not to be fully collectible. This generally occurs when the customer has indicated an inability to pay, the Company is unable to communicate with the customer over an extended period of time, and other methods to obtain payment have not been successful. Bad debt expense is charged to project costs in the combined and consolidated statements of loss in the period the account is determined to be doubtful. Estimates of the allowance for credit losses are determined on a customer-by-customer evaluation of collectability at each reporting date taking into consideration the following factors: the length of time the receivable has been outstanding, specific knowledge of each customer's financial condition and historical experience. Past due balances are determined based on the contractual terms of the arrangements. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Company recognized $1,371,636 and $256,000 of provisions during the year ended December 31, 2020 and 2019, respectively.

Accounts receivable also consists of monthly rent payments due to 658 East San Ysidro Blvd LLC from commercial tenants. Total accounts receivable were $128,627 and $0 for the years ended December 31, 2020 and 2019, respectively.

Inventories

Inventories are stated at the lower of cost, determined on a weighted average basis, or net realizable value. The Company utilizes the most reliable evidence available to determine if inventories should be written-down below its current carrying value. The Company determined there were no write-downs or reversals of write-downs during the years December 31, 2020 and 2019.

Due from Other Entities

SBC and UL Management LLC manage pre-operating costs for other entities that include permitting fees, license applications, leasehold improvements and other charges for future retail, manufacturing, production and cultivation operating entities. Those expenses are held on ULH's, SBC's and UL Management LLC's statements of financial condition as due from the respective operating entity. See Note 5.

The Company recognized losses of discontinued pre-operating projects of $728,368 and $0 during the years ended December 31, 2020 and 2019, respectively and are included in bad debt expense in the accompanying combined and consolidated statements of loss.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

Investments

The Company classifies and measures financial instruments in accordance with IFRS 9, *Financial Instruments*. On initial recognition, a financial asset is classified as fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVTOCI"), or amortized cost. Purchases and sales of financial assets are recorded on a settlement date basis. Subsequent to initial recognition, all investments are measured at fair value. All gains and losses arising from changes in fair value of the investments are presented in the combined and consolidated statements of loss in the period in which the gain or losses arise. The Company will only reclassify a financial asset when the Company changes its business model for managing the financial asset. All reclassifications are recorded at fair value at the date of reclassification, which becomes the new carrying value.

i. Financial assets classified at fair value through profit and loss

Financial assets are classified as FVTPL if the asset is an equity investment, if the Company has not elected to classify investments as FVTOCI, or if the Company's business model for holding the investment is achieved other than by both collecting contractual cash flows and by selling the assets.

FVTPL assets are initially recorded at fair value with realized gains and losses on disposition and subsequent changes in fair value recorded in net loss. Directly attributable transaction costs are recorded in net loss as incurred. As of December 31, 2020 and 2019, the Company did not have any financial assets at FVTOCI.

In 2019, UL Holdings NV LLC purchased a 30% membership interest in UL NuVeda Holdings LLC, which owns NuVeda LLC, a holding company, which in turn owns Clark NMSD LLC, which owns two retail storefront licenses in Nevada, and Nye Natural Medicinal Solutions LLC, which owns licenses for cultivation, manufacturing and distribution. As of December 31, 2020 and 2019, net assets of UL Holdings NV LLC totaled $1,000,000 and $5,116,848 respectively. During 2020 and 2019, the Company recognized a loss on investment of $0 and $198,352, respectively.

Investments also include funds contributed to 2220 NBC LLC totaling $394,079 and $394,079 as of December 31, 2020 and 2019, respectively. See Note 18 for related subsequent events.

Property and Equipment

Property and equipment are carried at cost. Construction costs and equipment purchases are capitalized until an entity or department commences operations. Maintenance and repairs are charged to expenses as incurred. Major construction projects and betterments are capitalized. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Depreciation and amortization are computed using the straight-line method of depreciation over the estimated useful lives of the respective assets. Leasehold improvements are amortized using the straight-line method over the shorter of their estimated useful lives or related lease term.

An asset's residual value, useful life, and depreciation method are reviewed during each financial year and are adjusted if appropriate. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

A summary of estimated useful lives is as follows:

Buildings	40 years
Leasehold improvements	7 to 10 years
Equipment	3 to 5 years
Computer equipment and software	3 to 10 years
Furniture and fixtures	2 to 10 years
Vehicles	3 to 5 years

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

Assets Held for Sale

Assets are classified as held for sale when management approves and commits to a plan to sell the property; the property is available for immediate sale in its present condition, subject only to terms that are usual and customary; an active program to locate a buyer and other actions required to complete the plan to sell have been initiated; the sale of the property is probable and is expected to be completed within one year; the property is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and actions necessary to complete the plan of sale indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Assets held for sale are stated at the lower of net book value or estimated fair value less cost to sell. At December 31, 2020, 909 West Vista Way LLC, UL Visalia LLC and Lafayette Street Property Management LLC were held for sale. At December 31, 2019, Lafayette Street Property Management LLC was held for sale. See Note 6. See Note 18 regarding related subsequent events.

Deposits on Acquisitions

During 2020, the Company made deposits towards the acquisition of a newly created entity in San Diego, California. The Company has made deposits towards the acquisition of an existing cannabis retail microbusiness in San Jose, California, the acquisition of a newly created entity in San Diego, California and a distribution center in Redwood City, California during 2019.

Impairment Assessment

The Company evaluates goodwill, intangible assets and long-lived assets for possible impairment periodically and whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable under IAS 36 – *Impairment of Assets* ("IAS 36"). This includes, but is not limited to, significant adverse changes in business climate, market conditions or other events that indicate an asset's carrying amount may not be recoverable. Recoverability of these assets is measured by comparison of the carrying amount of each asset to the future undiscounted cash flows the asset is expected to generate. If the undiscounted cash flows used in the test for recoverability are less than the carrying amount of these assets, the carrying amount of such assets is reduced to fair value. An impairment is reversed if the reversal is related to an event occurring after the impairment loss is recognized. Reversals of impairment losses are recognized in profit or loss and are limited to the original carrying amount under the equity method as if no impairment had been recognized for the asset in prior periods. The Company uses judgement in assessing whether impairment has occurred, or a reversal is required as well as the amounts of such adjustments. An impairment loss of $443,253 and $643,253 was recognized for the year ended December 31, 2020 and 2019, respectively, related to the intended sale of Lafayette Street Property Management, LLC, of which $300,000 and $500,000 was related to the intangible asset as of December 31, 2020 and 2019, respectively, and $143,253 and $143,253 was related to the right-of-use asset as of December 31, 2020 and 2019, respectively. See Note 18. An impairment loss of $4,353,900 and $0 was recognized as of December 31, 2020 and 2019, respectively, related to the Company's investment in UL Holdings NV LLC. There was no impairment to goodwill as of December 31, 2020 or 2019.

Acquisitions and Goodwill

The Company applies the provisions in IFRS 3 - *Business Combinations* ("IFRS 3") to account for the acquisition of various companies, real estate or real estate-related assets, in which a lease or other contract is in place representing an active revenue stream as an asset acquisition or a business combination. In accordance with the provisions of IFRS 3, the Company recognizes the assets acquired, the liabilities assumed and any noncontrolling interest in the acquired entity at their relative fair values. Any excess of the purchase consideration over the net fair value of tangible and identified intangible assets acquired less liabilities assumed is recorded as goodwill. Goodwill is not subject to amortization and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Impairment losses on goodwill are not subsequently reversed.

Income Taxes

Income taxes are accounted for utilizing the asset and liability method of accounting for income taxes. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying value of existing assets and liabilities and their respective tax bases and the expected future tax benefit of net operating loss carryforwards. These expected future tax consequences are measured based on currently enacted tax rates. The effect of tax rate changes on deferred tax assets and liabilities is recognized in income during the period that includes the enactment date.

Deferred tax assets are recorded when their recoverability is considered probable and are reviewed at the end of each reporting period.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the Company's reporting period. As the Company operates in the legal cannabis industry, the Company is subject to the limits of Internal Revenue Code (IRC) section 280E (Section 280E) for U.S. federal income tax purposes under which the Company is only allowed to deduct cost of goods sold directly related to gross receipts from product sales. Federal taxable income under IRC Section 280E is at the gross profit level. The State of California does not conform to IRC Section 280E and accordingly, the Company deducts all operating expenses on its California Franchise Board tax returns.

The Company recognizes and measures its unrecognized tax benefits in accordance with IFRIC Interpretation 23, *Uncertainty over Income Tax Treatments*. This addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under IFRIC Interpretation 23, the Company assesses the likelihood based on the technical merit that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available or when an event occurs that requires a change.

The Company policy is to record interest and penalties on uncertain tax provisions as income tax expense. As of December 31, 2020 and 2019, the Company has no accrued interest or penalties related to uncertain tax positions.

Leases

The Company primarily leases office, manufacturing, distribution and retail space. The Company assesses whether a contract is or contains a lease, at inception of a contract.

The right-of-use asset is initially measured at cost, which is primarily comprised of the initial amount of the lease liability, plus initial direct costs and lease payments at or before the lease commencement date, less any lease incentives received, and is amortized on a straight-line basis over the remaining lease term. All right-of-use assets are reviewed periodically for impairment. The lease liability is initially measured at the present value of lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. Leases have varying terms with remaining lease terms of up to approximately 15 years.

Lease payments included in the measurement of the lease liability comprise (a) fixed payments; (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and (c) lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option.

Notes Payable

Notes payable are classified as other financial liabilities and are measured at fair value at initial recognition and subsequently at amortized cost. Transactions costs are deferred and amortized over the term of the liability.

Debt with Warrants and Convertible Options

The Company issues debt that may have separate warrants, conversion features, or no equity-linked attributes which are accounted for as compound or hybrid financial instruments based on its features.

Convertible notes and debt with warrants classified as compound financial instruments are accounted for separately by their components: a financial liability and an equity instrument. The liability component is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the differences between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Subsequent to initial recognition, the liability component is measured at amortized cost using the effective interest method. The equity component is not remeasured. No gain or loss is recognized at maturity or early conversion of the debt.

For convertible notes and debt with warrants classified as hybrid financial instruments, the Company elects on an instrument by instrument basis to bifurcate embedded derivatives or fair value of the entire instrument.

Related-party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or entities. A transaction is considered to be a related-party transaction when there is a transfer of resources or obligations between related parties.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

Fair Value Measurements

The Company measures certain assets and liabilities at fair value at each reporting date. Fair value is the price that would either be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and disclosure purposes is determined on such a basis.

Revenue Recognition

Revenue is recognized at the transaction price, which is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods to a customer. Sales tax becomes payable when a product is sold and is not directly related to the nature of sales. These taxes are netted against gross sales on the combined and consolidated statements of loss. Excise, sales and local taxes collected on behalf of third parties are excluded from revenue. Net revenue from the sale of goods represents revenue from the sale of goods less applicable cultivation taxes and price discounts.

The Company's policy for the timing and amount of revenue to be recognized is based on the following 5-step process in accordance with IFRS 15 - *Revenue from Contracts with Customers* ("IFRS 15"):

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price, which is the total consideration provided by the customer;
- Allocate the transaction price among the performance obligations in the contract based on their relative fair values; and
- Recognize revenue when the relevant criteria are met for each unit (at a point in time or over time).

The Company has concluded that revenue from the sale of products should be recognized at the point in time when control is transferred to the customer. The Company transfers control and satisfies its performance obligations upon delivery and acceptance by the customer.

Revenue from the direct sale of cannabis to customers for a fixed price is recognized when the Company transfers control of the goods to the customer at the point of sale and the customer has paid for the goods.

The Company offers a loyalty reward program to its customers that allows customers to earn rewards points to be used on future purchases of goods at a price that reflects a significant discount from the stand-alone selling price of a product. This program provides a customer with a material right which is accounted for as a separate performance obligation. A portion of the revenue generated in a sale must be allocated to the loyalty points earned. The amount allocated to the points earned is deferred until the loyalty points are redeemed or expire.

Sales and Excise Taxes

Sales and excise taxes remitted to tax authorities are government-imposed sales and excise taxes on cannabis goods and related products sold. Sales and excise taxes are not included in the Company's revenues shown in the combined and consolidated statements of losses. Sales and excise taxes are recognized as a current liability within taxes payable on the accompanying combined and consolidated statements of financial position, with the liability subsequently reduced when the taxes are remitted to the tax authority. See Note 16.

Lease Income

The Company generates lease income through 658 East San Ysidro LLC. Under IFRS 16 *Leases*, the Company recognizes the incoming lease receipts as lease income on a straight line basis. The Company recognized $285,858 and $112,208 of lease income for the years ended December 31, 2020 and 2019, respectively. Lease income received by Uprooted Inc. is eliminated upon consolidation in the combined and consolidated financial statements.

Noncontrolling Interest

The Company follows IFRS 3, which establishes standards governing the accounting for and reporting of noncontrolling interests (NCIs) in partially owned combined and consolidated subsidiaries and the loss of control of subsidiaries. Certain provisions of this standard indicate, among other things, that NCIs be treated as a separate component of equity, not as a liability; that increases and decreases in the parent's ownership interest that leave control intact be treated as equity transactions, rather than as step acquisitions or dilution gains or losses; and that losses of a partially-owned, combined and consolidated subsidiary be allocated to the NCI even when such allocation might result in a deficit balance. Noncontrolling interests are recognized either at fair value or at the NCI's proportionate share of the

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

acquiree's net assets, determined on an acquisition-by-acquisition basis at the date of acquisition. Changes in the Company's interest in a subsidiary that do not results in a loss of control are accounted for as equity transactions. Noncontrolling interests in combined and consolidated subsidiaries are the minority owners' proportionate share of equity of entities that are less than 100% owned by the Company.

Share-based Compensation

The Company measures and recognizes the compensation expense for all share-based awards made to eligible officers based on estimated grant-date fair values. The Black-Scholes option valuation model is used to determine the fair value of stock option awards on the date of grant. The Company recognizes the compensation cost, net of estimated forfeitures, of all share- based awards on a straight-line basis over the vesting period of the award. If it is determined that it is unlikely the award will vest, the expense recognized to date for the award is reversed in the period in which this is evident, and the remaining expense is not recorded.

The Black-Scholes model requires the use of assumptions which determine the fair value of stock-based awards. The Company uses historical data regarding stock option exercise behaviors to estimate the expected term of options granted based on the period of time that options granted are expected to be outstanding. Expected volatilities are based on the historical volatility of the Company's stock. The expected dividend yield is based on the Company's historical dividend payments and historical yield. The risk-free interest rate is based on the U.S. Treasury yield curve in effect on the grant date for the length of time corresponding to the expected term of the option. The market value is calculated as the average of the high and the low stock price on the date of the grant. Refer to Note 11 for more information regarding the Company's incentive stock plans.

NOTE 3 - ACQUISITIONS

Acquisitions consist of the following as of December 31:	2020		2019	
	Belling Distribution, Inc.	UL San Jose LLC	Uprooted Inc.	JLM Investment Group, LLC
Cash	$ 570,000	$ 4,360,888	$ 1,018,000	$ 100,000
Note payable	-	1,375,000	1,182,000	725,000
Total consideration	570,000	5,735,888	2,200,000	825,000
Noncontrolling interest	-	-	5,443,009	-
Total purchase price	**$ 570,000**	**$ 5,735,888**	**$ 7,643,009**	**$ 825,000**
Net assets acquired				
Current assets	$ -	$ 79,101	$ 1,314,292	$ -
Property and equipment and right-of-use assets	162,952	2,126,412	3,196,153	-
Intangible assets	579,237	6,472,966	6,865,498	825,000
Goodwill	-	-	2,798,956	-
Liabilities assumed	172,189	2,942,591	6,531,890	-
Total net assets acquired	**$ 570,000**	**$ 5,735,888**	**$ 7,643,009**	**$ 825,000**

On April 24, 2019, the Company acquired a 29.59% ownership interest in Uprooted Inc. for $2,200,000 and purchased the remaining 70.41% for an additional $5,443,009 on October 30, 2020. Uprooted Inc. owns 100% of Uprooted LM LLC. Goodwill of $2,798,956 and a corresponding deferred tax liability were recognized in 2020 related to the acquisition of Uprooted Inc. See Note 8.

On September 13, 2019, the Company acquired 66.67% interest in JLM Investment Group, LLC for $825,000, which owns a 35% interest in UL La Mesa LLC. See Note 12 regarding the note payable and Note 16 for commitments and contingencies.

On July 16, 2020, the Company completed its acquisition of acquiring 100% ownership interest in Belling Distribution, Inc. See Note 4.

On December 17, 2020, the Company completed its purchase of the assets and operations of GWS Health and DFWS, Inc., dba the Guild, for $5,735,888, of which $1,375,000 was purchased with proceeds of the Bridge Loan. The Company owns 100% of and operates under the name of UL San Jose LLC. See Note 4. See Note 12 regarding the note payable.

NOTE 4 – OTHER CURRENT ASSETS

Other current assets consist of the following as of December 31:	2020	2019
Deposits on acquisitions	$ 361,000	$ 5,110,888
Deposits on property	-	454,203
Security deposits	33,375	264,615
Prepaids	934,662	755,315
Other receivables	-	84,225
Total	$ 1,329,037	$ 6,669,246

ULRB LLC

On January 20, 2019, the Company made a deposit on an acquisition subject to certain closing conditions of an 80% interest in a newly created entity, ULRB LLC, and 10% ownership in an entity that holds the retail property in which the business will operate. During 2020 and 2019, the Company paid $180,000 and $180,000, respectively, which is included in deposits on acquisitions in other current assets in the combined and consolidated statements of financial position. See Note 16.

UL San Jose LLC

On June 7, 2019, the Company made a deposit on the purchase of the assets and operations of GWS Health and DFWS, Inc., dba The Guild, out of receivership. The Guild is a business that holds a state microbusiness cannabis license in San Jose, California. The Company made a down payment of $4,125,000 and additional deposits totaling $235,888 as of December 31, 2019, which are included in deposits on acquisitions in other current assets on the accompanying combined and consolidated statements of financial position as of December 31, 2019. The remaining $1,375,000 purchase payment was made with proceeds of the Bridge Loan as described in Note 12 on December 17, 2020, and the acquisition was completed. See Note 3.

Belling Distribution, Inc.

On September 7, 2019, the Company entered into a contingent stock purchase agreement for 100% of the shares of Belling Distribution, Inc., which owns a cannabis delivery license in Redwood City. The consideration paid was $570,000, which is included in deposits on acquisitions in other current assets on the accompanying combined and consolidated statements of financial position as of December 31, 2019. The acquisition was completed on July 16, 2020. See Note 3.

NOTE 5 – DUE FROM OTHER ENTITIES

Due from other entities consist of the following as of December 31:	2020	2019
Due from 2220 NBC LLC	$ 810,434	620,270
Due from Hillside La Mesa #3	229,970	136,403
Due from Paragon Partners, LLC	73,107	45,916
Due from 8939 La Mesa Partners LLC	63,519	17,929
Due from ULNJ, LLC	18,204	67,975
Due from Gardena LLC	-	77,000
Due from 9731 Siempre, LLC	2,830	1,083
Due from Clark NMSD LLC	-	501,368
Antioch Project	161,700	266,250
Eureka Project	-	150,000
Due from other owners	95,887	87,907
Total	**$ 1,455,651**	**$ 1,972,101**

NOTE 5 – DUE FROM OTHER ENTITIES CONT.

Due from other entities includes balances due to SBC, ULM and ULH for pre-operating entities where the Company is expecting to acquire future interests. The pre-operating businesses were managed by SBC and ULM during these early stages of business establishment, licensing and build out. The expenses include registration costs, licensing expenses, rent deposits and minor leasehold improvements. During 2020, the Gardena and Eureka Project were discontinued.

NOTE 6 – ASSETS HELD FOR SALE

Assets held for sale consist of the following as of December 31:	**2020**			**2019**
	909 West Vista Way LLC	**Lafayette Street Property Management, LLC**	**UL Visalia LLC**	**Lafayette Street Property Management, LLC**
Cash	$ 8,816	$ -	$ -	$ -
Other current assets	4,403	21,149	-	15,149
Property and equipment and right-of-use assets	5,125,515	372,149	940,446	515,400
Intangible assets	-	1,700,000	1,000,000	2,000,000
Total assets	**5,138,734**	**2,093,298**	**1,940,446**	**2,530,549**
Accounts payable	224,739	16,281	6,731	-
Notes payable	3,997,518	-	-	-
Lease liabilities	-	505,908	-	599,847
Total liabilities	**4,222,257**	**522,189**	**6,731**	**599,847**
Net assets held for sale	**$ 916,477**	**$ 1,571,109**	**$ 1,933,715**	**$ 1,930,702**

NOTE 7 – PROPERTY AND EQUIPMENT, NET

The Company's property and equipment, net consisted of the following:

	Land	Buildings	Leasehold improvements	Equipment	Computer equipment and software	Furniture and fixtures	Vehicles	Construction in process	Total
Cost									
Balance as of January 1, 2019	$ -	$ -	$ 684,280	$ 419,421	$ 44,245	$ 33,668	$ 17,000	$ -	$ 1,198,614
Additions	5,717,692	6,712,991	3,504,195	194,009	674,306	211,602	214,922	155,940	17,385,657
Business acquisitions	-	-	407,733	-	-	-	-	301,629	709,362
Transfer to held-for-sale	-	-	-	-	-	-	-	(2,079)	(2,079)
Balance as of December 31, 2019	**5,717,692**	**6,712,991**	**4,596,208**	**613,430**	**718,551**	**245,270**	**231,922**	**455,490**	**19,291,554**
Additions	-	-	2,153,388	53,812	68,894	175,424	-	195,203	2,646,721
Business acquisitions	-	-	76,002	-	-	-	-	-	76,002
Disposals	-	-	-	(90,000)	-	-	-	-	(90,000)
Transfer to held-for-sale	(3,890,000)	(1,435,886)	(740,075)	-	-	-	-	-	(6,065,961)
Placed in service	-	-	372,799	-	-	-	-	(372,799)	-
Balance as of December 31, 2020	**$ 1,827,692**	**$ 5,277,105**	**$ 6,458,322**	**$ 577,242**	**$ 787,445**	**$ 420,694**	**$ 231,922**	**$ 277,894**	**$ 15,858,316**
Accumulated depreciation									
Balance as of January 1, 2019	-	-	45,804	3,008	17,680	7,938	1,416	-	75,846
Depreciation expense	-	-	192,117	61,570	44,737	131,610	13,302	-	443,336
Balance as of December 31, 2019	**-**	**-**	**237,921**	**64,578**	**62,417**	**139,548**	**14,718**	**-**	**519,182**
Depreciation expense	-	74,743	533,750	68,829	42,557	238,599	31,553	-	990,031
Balance as of December 31, 2020	**$ -**	**$ 74,743**	**$ 771,671**	**$ 133,407**	**$ 104,974**	**$ 378,147**	**$ 46,271**	**$ -**	**$ 1,509,213**
Net book value as of December 31, 2019	**$ 5,717,692**	**$ 6,712,991**	**$ 4,358,287**	**$ 548,852**	**$ 656,134**	**$ 105,722**	**$ 217,204**	**$ 455,490**	**$ 18,772,372**
Net book value as of December 31, 2020	**$ 1,827,692**	**$ 5,202,362**	**$ 5,686,651**	**$ 443,835**	**$ 682,471**	**$ 42,547**	**$ 185,651**	**$ 277,894**	**$ 14,349,103**

Depreciation expense for property and equipment was $990,031 and $443,336 for the years ended December 31, 2020 and 2019, respectively. As of December 31, 2020 and 2019, $245,053 and $156,706 of depreciation was included in cost of revenues, respectively, in the accompanying combined and consolidated statements of loss.

NOTE 7 – PROPERTY AND EQUIPMENT, NET

On September 10, 2019, ULH Inc. acquired the property at 6614 Avenue 304, Visalia, California 93291. The property was acquired for $950,000, all of which was paid in cash.

On October 15, 2019, 909 West Vista Way LLC, a California limited liability company, which is a single purpose wholly owned subsidiary of ULH, acquired the property at 909 W. Vista Way, Vista, California 92083. The property contains the operating premises for Calgen Trading Inc.'s future retail cannabis operations. The property was acquired for $4,350,000, of which $350,000 was paid in cash and the remaining $4,000,000 was financed. See Note 12 regarding the note payable. As of December 31, 2020, 909 West Vista Way LLC was held for sale.

On October 15, 2019, 658 East San Ysidro Blvd LLC, a California limited liability company, which is a single purpose wholly owned subsidiary of ULH, acquired the property at 650, 654 and 658 East San Ysidro Blvd., San Diego, California 92173. The property contains the operating premises for Uprooted, Inc.'s dispensary operations. The property was acquired for $7,200,000, which was financed. See Note 12 regarding the note payable.

During the year ended December 31, 2020, approximately $6,000,000 of property and equipment was transferred into assets held for sale for 909 W Vista Way LLC and UL Visalia LLC. See Note 6.

NOTE 8 – INTANGIBLE ASSETS AND GOODWILL

Intangible assets for the Company are cannabis business licenses and consisted of the following as of December 31:	**2020**	**2019**
California Type 10 Provisional Retailer License with Medicinal Designation Only (UL Visalia LLC)	$ -	$ 1,000,000
La Mesa Conditional Use Permit for Medical Marijuana Dispensary (JLM Investment Group, LLC)	825,000	825,000
California Type 10 Provisional Retailer License/Conditional Use Permit for Cannabis Outlet (Uprooted Inc.)	3,264,232	3,264,232
California Type 10 Provisional Retailer License/Conditional Use Permit for Cannabis Outlet (Uprooted LM LLC)	6,284,576	6,284,576
California Type 10 Provisional Retailer License/Commercial Cannabis Permit (Banana LLC)	750,000	750,000
California Type 10 Provisional Microbusiness License (UL San Jose LLC)	6,472,966	-
Redwood City Non-Storefront Delivery License (Belling Distribution, Inc.)	579,237	-
Total	**$ 18,176,011**	**$ 12,123,808**

A reconciliation of intangible assets and goodwill as of December 31 is as follows:	**2020**	**2019**
Intangible assets		
Balance as of January 1,	$ 12,123,808	$ 3,250,000
Additions	7,052,203	11,373,808
Impairment	-	(500,000)
Transfers to assets-held-for-sale	(1,000,000)	(2,000,000)
Balance as of December 31,	**$ 18,176,011**	**$ 12,123,808**
Goodwill		
Balance as of January 1,	$ -	$ -
Additions	2,798,956	-
Impairment	-	-
Balance as of December 31,	**$ 2,798,956**	**$ -**

NOTE 8 – INTANGIBLE ASSETS AND GOODWILL CONT.

The balances represent the consideration paid for the fair value of the cannabis business licenses acquired. Licenses acquired in 2020 and 2019 are considered to be perpetual in nature and can only be modified and/or rescinded by the licensing and monitoring agency of the city that issued it or the State of California. Licenses are not amortized but are reviewed for impairment at least annually or earlier upon the occurrence of certain triggering events. See Note 3 regarding UL San Jose LLC's acquisition.

As of December 31, 2020, UL Visalia LLC and Lafayette Street Property Management, LLC were held for sale. As of December 31, 2019, Lafayette Street Property Management, LLC was held for sale. See Note 2 regarding impairment assessments.

In 2020, the Company completed its acquisition of Uprooted Inc. and Uprooted LM LLC (See Note 3) and recognized additional costs related to the acquisition, which was recorded as goodwill. Total goodwill recognized was $2,798,956, of which $1,008,556 was recognized by Uprooted Inc. and $1,790,400 was recognized by Uprooted LM LLC. A corresponding deferred tax liability of $2,798,956 was assumed as of December 31, 2020.

NOTE 9 – ACCRUED LIABILITIES

Accrued liabilities consist of the following as of December 31:

	2020	2019
Customer loyalty rewards	$ 741,654	$ 719,689
Other	741,434	493,326
Total	**$ 1,483,088**	**$ 1,213,015**

NOTE 10 – PAYROLL LIABILITIES

Payroll liabilities consist of the following as of December 31:

	2020	2019
Accrued payroll	$ 545,860	$ 637,926
Deferred compensation	672,107	672,107
Payroll vacation accrual	235,768	142,879
Total	**$ 1,453,735**	**$ 1,452,912**

The founders and key employees of SBC accrued deferred compensation for the fiscal years 2016, 2017 and 2018. Deferred compensation was accrued as a result of the employees receiving no pay from inception of the Company through April 2017 and reduced compensation during 2018. Deferred compensation payments totaled $0 and $468,106 for the years ending December 31, 2020 and 2019, respectively.

From January 1, 2018 through June 18, 2018, SourceOne Payroll Services, Inc. ("SourceOne") provided payroll services to ULBP's predecessor, Bay Park Organics Cooperative. SourceOne was expected to provide full payroll tax services, included the filing of federal and state payroll tax forms, remitting taxes to state and federal payroll tax authorities and handling wage garnishments. During the first quarter of 2019, ULBP received notices from the IRS that it owed $374,542 in payroll taxes related to the second and third quarters of 2018. ULBP conducted an investigation and revealed that while SourceOne withdrew funds necessary to pay the taxes due, the firm never actually remitted the tax amounts. ULBP accrued for the unpaid payroll taxes as of Q1 2019 when the issue was first noted. Subsequently, ULBP paid the outstanding liability in full to the IRS in June 2019. The Company initiated litigation with Source One to recoup the $374,542 liability and additional damages, discussed further in Note 16. On May 21, 2019, the liability was relieved upon receipt of payment from SourceOne.

NOTE 11 – STOCKHOLDERS' EQUITY

On April 4, 2019, the Company closed a non-brokered raise of $5,000,000 via the sale and issuance of convertible promissory notes via a Convertible Note Purchase Agreement. The convertible notes were subject to conversion at the next equity financing transaction. The notes were converted when the Company opened a Series A financing round on June 18, 2019.

On April 30, 2019, the Company's board approved a stock equity incentive plan (the Plan) that would permit the Company to (i) grant options, stock appreciation rights or other stock-based awards in the Company's common stock, and (ii) offer to sell and issue restricted shares of common stock (collectively, the "Awards") to selected employees, officers, directors and consultants of the Company as an incentive to such eligible persons. 1,000,000 shares may be issued under the Plan. The maximum number of shares that may underlie Awards, collectively, granted in any calendar year to any non-employee director, shall not exceed 100,000.

On June 12, 2019, the Company filed the Amended and Restated Articles of Incorporation, authorizing 30,000,000 shares of common stock at no par value and 10,000,000 shares of preferred stock at no par value. Of the 10,000,000 shares of preferred stock, 3,689,655 were designated Series A Preferred Stock with participation and a preferred dividend of 8.0% per annum.

Each share of preferred stock shall be convertible to common stock, at the option of the holder, at any time after the date of issuance of such shares, determined by dividing the Series A Original Issue Price by the Series A Conversion Price in effect at the time of conversion, as further defined in the Series A Preferred Stock Purchase Agreement dated June 18, 2019. The voting, dividend, and liquidation rights of the holders of the common stock are subordinated by the rights, powers and preferences of the holders of the preferred stock. With the exception of certain matters, the holders of preferred stock vote together with the holders of common stock as a single class. The holder of each share of preferred stock is entitled to one vote for each share of common stock into which such shares would convert. In the event of any liquidation, dissolution or winding up of the Company, the holders of preferred stock are entitled to a preference in relation to holders of the Company's common stock.

On June 18, 2019, the Company executed the Series A Stock Purchase Agreement pursuant to which (1) it closed its first round of financing for its Series A Preferred Stock in the amount of $17,372,701, which resulted in the issuance of 1,232,977 shares of Series A Preferred Stock at a share price of $14.09; (2) it was authorized to sell an additional 1,419,446 shares of Series A Preferred Stock at a share price of $14.09; and (3) it was authorized to sell an additional 674,236 shares of Series A Preferred Stock in side letters at a share price of $14.09. The two options for additional shares expired with no shares being issued.

On June 18, 2019, the principal and interest owed on the convertible promissory notes converted to 532,165 shares of Series A Preferred Stock at a share conversion price of $9.55. See Note 12.

On August 20, 2019, the Company's Board of Directors granted options to the Company's CEO, to purchase 300,000 shares of common stock, no par value, at a price per share of $14.09. The option to purchase 200,000 shares vested on the grant date. The Company valued this compensation expense at $1,757,243 using the Black Scholes option valuation model with an expected life of 5.5 years, 72.7% annualized volatility and 1.638% risk-free rate. The option to purchase the remaining 100,000 shares vested on August 20, 2020. The compensation expense recognized as of December 31, 2020 was $878,622.

On August 22, 2019, the Company closed its second round of financing for its Series A Preferred Stock in the amount of $2,552,283, resulting in the issuance of an additional 181,140 shares of Series A Preferred Stock.

On October 18, 2019, the Company closed its third round of financing for its Series A Preferred Stock in the amount of $16,575,030, resulting in the issuance of an additional 1,176,367 shares of Series A Preferred Stock.

With the completion of the Series A rounds in 2019, the ownership of UL Holdings Inc. as of December 31, 2020 and 2019 is 76.204% Will Senn and 23.796% other owners.

On January 20, 2020, the Company's Board of Directors granted options to the Company's Series A Board Member to purchase 45,000 shares of common stock, no par value, at a price per share of $14.09. On each anniversary of the grant date, the option to purchase 15,000 shares will vest, such that the option will fully vest on the third anniversary of the grant date. No compensation expense was recognized during the year ended December 31, 2020.

In February 2020, the Company and Series A Shareholders agreed to amend the Series A Preferred Stock Purchase Agreement to allow the sale of any shares of Series A Preferred Stock that did not end up selling pursuant to the side letters, with a retroactive effective date of June 18, 2019.

On October 14, 2020, the Company and all Series A Shareholders agreed to amend the Company's charter to increase the preferred dividend accrual rate from 8% to 15%, to grant warrants to all purchasers of Series A Preferred Stock, to authorize the Company to issue warrants to new purchasers of Series A Preferred Stock, and to allow the Company to sell all authorized but unsold and unissued shares of Series A Preferred Stock through the report date. The warrants are contingent on the Company's valuation on an exit or significant capital raise and are subject to adjustment. In accordance with IFRS, a contract to issue a variable number of shares fails

NOTE 11 – STOCKHOLDERS' EQUITY CONT.

to meet the definition of equity and must instead be classified as a derivative liability and measured at fair value with changes in fair value recognized in the combined and consolidated statements of loss at each period end. As the warrants are contingent upon a probable future event, these meet the criteria of a contingent liability under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. See Note 18 regarding related subsequent events.

NOTE 12 – NOTES PAYABLE

Notes payable consist of the following as of December 31:	2020			2019		
	Total Outstanding	Current Portion	Interest Expense	Total Outstanding	Current Portion	Interest Expense
SBC Buyout	$ 580,266	$ 580,266	$ 51,636	$ 582,055	$ 582,055	$ 56,212
SBC Private Loans						
Unsecured loans	166,375	166,375	18,000	158,559	158,559	22,911
Equipment purchase	-	-	-	94,359	94,359	2,689
680 Broadway Master, LLC	-	-	-	23,898	-	-
UL Holdings Inc. - Bridge Loan	7,479,000	-	-	-	-	-
UL Holdings Inc. - Lafayette Street Property Management, LLC	387,473	387,473	-	387,473	387,473	-
UL Holdings Inc. - UL Visalia LLC	268,777	268,777	-	458,326	250,008	-
UL Holdings Inc. - JLM Investment Group, LLC	377,917	377,917	-	543,750	543,750	-
658 East San Ysidro Blvd LLC	6,688,374	6,688,374	783,657	7,202,310	7,202,310	248,600
909 West Vista Way LLC	3,997,518	3,997,518	604,730	4,001,400	4,001,400	150,666
Uprooted Inc. and New Origins Mangement, Inc.	-	-	-	80,068	80,068	-
	$ 19,945,700	$ 12,466,700	**$ 1,458,023**	**$ 13,532,198**	**$ 13,299,982**	**$ 481,078**
Debt issuance costs	(206,400)	-				
UL Holdings Inc. - Bridge Loan - additional principal due at maturity	(2,079,000)	-				
909 West Vista LLC included in assets held for sale	(3,997,518)	(3,997,518)				
	$ 13,662,782	**$ 8,469,182**				

A reconciliation of notes payable and accrued interest are as follows:

	2020	2019
Balance as of January 1,	$ 13,532,198	$ 2,373,875
Additions	7,479,000	12,960,791
Principal payments	(951,600)	(1,802,468)
Disposal of loan	(90,000)	-
Interest accruals	1,458,023	481,078
Interest payments	(1,481,921)	(481,078)
Balance as of December 31,	**$19,945,700**	**$13,532,198**

SBC Buyout

In December 2016, SBC re-purchased the stock it had previously issued to the legacy partner for total consideration of $950,000. The terms included a down payment of $300,000 before April 26, 2017. The balance of the unsecured loan carries a 10% interest rate, amortized over 25 months. Accrued interest totaled $30,266 and $32,055 as of December 31, 2020 and 2019, respectively, and is included in notes payable in the accompanying combined and consolidated balance sheets. The loan matures on April 26, 2021. See Note 18 regarding related subsequent events.

NOTE 12 – NOTES PAYABLE CONT.

SBC Private Loans

On May 9, 2017, SBC borrowed $100,000 from an individual at an interest rate of 12% per annum. The unsecured loan is interest only, with interest payments of $1,000 per month through August 16, 2021, at which time the full principal balance is due.

On August 16, 2017, SBC borrowed $50,000 from the same individual at an interest rate of 12% per annum. The unsecured loan is interest only, with interest payments of $500 per month through August 16, 2021, at which time the full principal balance is due.

In April 2018, SBC borrowed money from an individual for an equipment purchase. The unsecured loan amount was $89,000, with 3% simple interest as of December 31, 2019. During 2020, the equipment was returned and the loan was relinquished.

680 Broadway Master, LLC Payable

At the time of the Company's acquisition of its interest in 680 Broadway Master, LLC, the founding member of 680 Broadway Master, LLC had loaned it $23,898 for leasehold improvements, all of which was relieved in 2020.

Bridge Loan

In December 2020, the Company received a loan in the amount of $5,400,000. The loan matures on December 21, 2022, at which time all outstanding principal plus an additional fee of $2,079,000 is due. Monthly payments are interest only with an interest rate of 12.5%. The loan is secured by collateral, as defined in the Credit and Guaranty Agreement dated December 21, 2020.

Lafayette Street Property Management, LLC License Acquisition

The membership interests of Lafayette Street Property Management, LLC were acquired using an unsecured, non-interest bearing note payable in the amount of $2,500,000. The terms of the note were $500,000 down payment, and the remaining $2,000,000 to be paid over twenty-four months in equal installments. See Note 18 regarding related subsequent events. The note is held by ULH Inc. and, as such, is not included in net assets held for sale on the accompanying combined and consolidated balance sheets.

UL Visalia LLC License Acquisition

On July 30, 2019, ULH Inc. funded 80% of the membership interest of UL Visalia LLC for $1,000,000. The terms of the payment plan included two initial payments totaling $500,000 and the remaining $500,000 repaid pursuant to a second amendment to the amended memorandum of understanding. The note payable is unsecured and non-interest bearing. The note is held by ULH Inc. and, as such, is not included in net assets held for sale on the accompanying combined and consolidated balance sheets.

JLM Investment Group, LLC Purchase Agreement

In September 2019, in conjunction with the purchase of membership interests totaling $825,000 in JLM Investment Group, LLC, the Company agreed to a payment schedule of an initial $100,000 down payment and the remaining balance repaid in monthly installments through August 2021. The note payable is unsecured and non-interest bearing.

658 East San Ysidro Blvd LLC and 909 West Vista Way LLC Notes Payable

In October 2019, in conjunction with the acquisition of 650, 654 and 658 East San Ysidro Blvd., San Diego, CA 92173, 658 East San Ysidro Blvd LLC borrowed $7,200,000 through a note bearing interest at 11% per annum and secured by the property, with a third-party lender.

In October 2019, in conjunction with the acquisition of 909 West Vista Way, Vista, CA 92083, 909 West Vista Way LLC borrowed $4,000,000 through a note bearing interest at 12% per annum and secured by the property, with a third-party lender. This note is included in net assets held for sale as of December 31, 2020 in the accompanying combined and consolidated balance sheets. See Note 6.

The loans matured on June 30, 2020, at which point the maturity was extended to June 30, 2021, with an option to further extend through December 31, 2021. In exchange, extension fees of $213,713 were paid and the interest rates increased to 13.75% per annum. Additional payments totaling $133,481 are due upon maturity. See Note 18 for related subsequent events.

Uprooted Inc. and New Origins Management, Inc. Note Payable

In October 2018, Uprooted borrowed $75,000 from two individuals at an interest rate of 6% per annum. The loan was guaranteed by New Origins Management, Inc. and matured October 21, 2019, at which time all outstanding interest and principal was due. In January 2020, the note payable was repaid in full.

NOTE 12 – NOTES PAYABLE CONT.

The future maturities of notes payable are as follows:

Years ending December 31,	Total
2021	$ 12,466,700
2022	7,479,000
Total	**$ 19,945,700**

Convertible Notes

On April 4, 2019, the Company issued convertible unsecured notes in the amount of $5,000,000. The note carried an interest rate of 8% and was subject to conversion at the next equity financing transaction. The notes were converted in 2019 when the Company opened a Series A financing round on June 18, 2019. The principal of $5,000,000 plus the interest of $83,333 were converted to 532,165 shares of Series A preferred stock at a share conversion price of $9.55. See Note 11. Due to the discounted conversion of the convertible notes from the Series A stock share price of $14.09, the Company recognized share-based compensation expense of $2,415,164 as of December 31, 2019.

NOTE 13 – RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets consist of the following:

	2020	2019
Cost		
Balance as of January 1,	$ 20,701,018	$ 7,267,093
Additions	2,213,362	13,433,925
Balance as of December 31,	**$ 22,914,380**	**$ 20,701,018**
Accumulated amortization		
Balance as of January 1,	$ 1,235,975	$ -
Amortization expense	1,508,196	1,235,975
Balance as of December 31,	**$ 2,744,171**	**$ 1,235,975**
Net book value as of December 31,	**$ 20,170,209**	**$ 19,465,043**

The Company's lease liabilities consist of various property leases used for the sale of cannabis products. The lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. The incremental borrowing rate for the additions during the years ended December 31, 2020 and 2019, was 9.5% for leases acquired in acquisitions. Cash outflows related to lease liability were $1,898,897 and $1,349,304 for the years ended December 31, 2020 and 2019, respectively.

The following is a summary of the activity in the Company's lease liability:

	2020	2019
Balance as of January 1,	$ 22,770,177	$ 8,486,029
Acquired leases	3,114,780	13,718,501
Lease payments	(1,753,098)	(1,205,303)
Interest expense	2,177,576	1,770,950
Balance as of December 31,	**26,309,435**	**22,770,177**
Less: current portion	$ (717,118)	$ (451,303)
Lease Liability, net of current portion	**$ 25,592,317**	**$ 22,318,874**

NOTE 13 – RIGHT-OF-USE ASSETS AND LEASE LIABILITIES CONT.

The maturity of contractual undiscounted lease obligation payments are as follows:

	Total
Due within one year	$ 1,253,657
Due within one to five years	7,093,773
Due after five years	18,859,367
Total	**$ 27,206,797**

The Company leases retail space with various expiration dates through March 2034. The Company also leases office and other retail space from related parties (see Note 15). The Company recognized no material expenses related to short-term leases and leases of low-value assets for the years ended December 31, 2020 and 2019.

For Banana LLC, UL Holdings Inc. has provided a limited guaranty of the lease, which expires after $1,000,000 in rent has been paid.

NOTE 14 – INCOME TAXES

Significant components of income tax provision for the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
CURRENT EXPENSES:		
Federal	$ 1,986,260	$ 1,180,198
State	23,400	4,000
Unrecognized tax benefits	-	703,466
Total current expenses	2,009,660	1,887,664
DEFERRED EXPENSE:		
Federal	(795,645)	(877,972)
State	(324,756)	(493,212)
Unrecognized tax benefits	-	-
Total deferred expenses	(1,120,401)	(1,371,183)
Income tax provision	**$ 889,259**	**$ 516,481**

The principal items accounting for the differences in income taxes computed at the US statutory rate (21%) and the effective income tax rate for continuing operations comprise the following:

	2020	2019
Taxes computed at statutory rate	$ (4,211,109)	$ (2,919,725)
Changes in income taxes resulting from:		
Income or loss of noncontrolling interest	120,284	245,023
State taxes	(324,756)	(489,212)
Nondeductible expenses	3,386,684	1,794,222
Other	558,513	1,173,351
Unrecognized tax benefits	1,545,364	703,466
IFRS deferred tax conversion adjustments	(185,721)	(65,223)
Prior period IFRS conversion adjustments	-	74,578
Income tax provision	**$ 889,259**	**$ 516,481**

NOTE 14 – INCOME TAXES CONT.

DEFERRED TAX ASSETS:	2020	2019
Accrued expenses and other	$ 1,606,006	$ 1,052,779
Net operating losses	1,328,256	414,737
Accrued loyalty rewards	170,263	204,741
Lease liabilities	5,138,347	4,950,329
Gross deferred tax assets	8,242,872	6,622,586
Valuation allowance	(1,328,256)	(414,737)
Total deferred tax assets	6,914,616	6,207,849
DEFERRED TAX LIABILITIES:		
Property and equipment & Intangibles	(3,257,067)	(568,294)
Right-of-use assets	(3,906,498)	(4,209,949)
Total deferred tax liabilities	(7,163,565)	(4,778,243)
Net deferred tax (liabilities) assets	**$ (248,949)**	**$ 1,429,606**

Movements in the net deferred tax (liabilities) assets during the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
Balance as of January 1,	$ 1,429,606	$ 58,423
Recognized in loss	1,120,401	1,371,183
Net deferred tax liability from acquisitons	(2,798,956)	-
Balance as of December 31,	**$ (248,949)**	**$ 1,429,606**

A reconciliation of unrecognized tax benefits is as follows:

UNCERTAIN TAX POSITION	2020	2019
Balance as of January 1,	$ 703,466	$ -
Changes related to prior tax provisions	33,498	-
Increase in uncertain tax provision	1,511,866	703,466
Balance as of December 31,	**$ 2,248,830**	**$ 703,466**

The Company does not anticipate any material change in the total amount of unrecognized tax benefits to occur within the next twelve months. The Company's policy is to recognize interest accrued related to unrecognized tax benefits and penalties as income tax expense. The Company has not recorded any interest or penalties as the liability associated with the unrecognized tax benefits is immaterial.

Utilization of U.S. net operating loss carryforwards may be subject to limitations in the event of a change in ownership as defined under Internal Revenue Code §382 ("IRC §382") and similar state provisions. An "ownership change" is generally defined as a cumulative change in the ownership interest of significant stockholders over a three-year period of more than 50 percentage points. The Company believes a change in ownership, as defined by U.S. IRC §382, has occurred. This will limit the Company's ability to reduce future income by net operating loss carryforwards. A formal IRC §382 study has not been prepared, so the exact effects of the ownership change are not known at this time.

NOTE 14 – INCOME TAXES CONT.

The State of California enacted A.B. 85, a tax provision that suspends the use of net operating loss carryforwards ("NOLs") entirely for taxpayers with net business income of $1 million or more, and limits the use of certain business tax credits to $5 million total for 2020, 2021, and 2022. The Company has $15,025,524 and $4,691,600 in suspended NOLs as of December 31, 2020 and 2019, respectively.

As the Company operates in the legal cannabis industry, the Company is subject to the limits of IRC Section 280E. The Company has accrued approximately $773,000 and $335,000 for its federal tax liability as of December 31, 2020 and 2019, respectively.

NOTE 15 – RELATED-PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

The stockholders of the Company own interests in various entities, which have economic relationships with the Company as follows:

UL Management LLC leases an office building in which the Company's founders each own a fifty percent (50%) interest. As of December 31, 2020 and 2019, monthly rent for the property plus triple-net expenses amounted to $15,000. The Company paid $70,000 and $120,000 during the years ended December 31, 2020 and 2019, respectively.

ULBP Inc. leases a building in San Diego, California owned by an entity in which the CEO has maintained an interest, since prior to becoming the CEO or otherwise affiliated with the Company. As of December 31, 2020 and 2019, monthly rent for the property was $48,712 and $47,364, respectively, plus triple-net expenses. A long-term lease is in place. The Company paid $612,740 and $673,750 during the years ended December 31, 2020 and 2019, respectively.

Lafayette Street Property Management, LLC leases a building in Stockton, California in which the Company's founders each own a forty-five percent (45%) interest. The monthly rent for this property is a reduced rent to account for holding costs in the amount of $12,000 plus triple-net expenses for both 2020 and 2019. The Company paid $141,392 and $144,000 during the years ended December 31, 2020 and 2019, respectively.

ULBP Inc. leases a building in La Mesa, California in which the Company's founders each own a fifty percent (50%) interest. The monthly rent for this property was $6,000 and $6,000 for the years ended December 31, 2020 and 2019, respectively, plus triple-net expenses. The Company paid $66,000 and $67,528 during the years ended December 31, 2020 and 2019, respectively.

UL La Mesa LLC leases a building in La Mesa, California in which the mother of one of the Company's founders owns a thirty- six and one-fourth percent (36.25%) interest. The monthly rent for this property is $3,000 and $2,210, plus triple-net expenses, for the years ended December 31, 2020 and 2019, respectively. The Company paid $47,858 and $27,964 during the years ended December 31, 2020 and 2019, respectively.

Key management includes directors and officers of the Company. Total compensation awarded to key management for the years ended December 31, 2020 and 2019 was as follows:

	2020	2019
Salaries	$ 698,336	$ 836,340
Share-based compensation	878,622	1,757,243
Balance as of December 31,	**$ 1,576,958**	**$ 2,593,583**

Deferred compensation payments described in Note 10 are included in the table above. See Note 11 for additional related party transactions.

NOTE 16 – COMMITMENTS AND CONTINGENCIES

ULRB LLC

ULRB LLC is in the entitlement process for a retail cannabis conditional use permit. In consideration of the acquisition, ULH would pay $9,000,000 as follows:

i. $15,000 monthly, starting January 1, 2019,
ii. $1,000,000 less cumulative amount paid under (i) above upon issuance of conditional use permit,
iii. $1,000,000 upon issuance of the building permit,
iv. $5,000,000 upon opening the business to the public,
v. $2,000,000 within 90 days of opening the business to the public.

NOTE 16 – COMMITMENTS AND CONTINGENCIES CONT.

During 2020 and 2019, the Company paid $180,000 and $180,000, respectively, which is included in deposits on acquisitions in other current assets on the accompanying combined and consolidated statements of financial position. See Note 4. As of the report date, the conditional use permit was not issued and the project is under renegotiations.

UL Gardena LLC

On March 3, 2019, UL Gardena LLC entered into a memorandum of understanding with an unrelated third party to share in the profits and losses of and manage and operate a cannabis retail business in Los Angeles, California. As of December 31, 2020, the project was discontinued.

Litigation

The Company is occasionally involved in legal proceedings in the ordinary course of business, including arbitration claims and other claims. The Company reviews its lawsuits, regulatory inquiries, and other legal proceedings on an ongoing basis and provides disclosure and records loss contingencies in accordance with the loss contingencies accounting guidance. The Company establishes an accrual for losses at management's best estimate when it assesses that it is probable that a loss has been incurred and the amount of loss can be reasonably estimated. In the opinion of the Company's management, based on current available information, review with outside legal counsel and insurance coverage, the ultimate resolution of these matters will not have a material adverse impact on the Company's financial position or results of operations, other than the matters described below.

A lawsuit was filed against ULBP by First San Diego Co., Inc. on August 1, 2018 in the California Superior Court for the County of San Diego alleging that ULBP obtained its conditional use permit for a marijuana outlet in San Diego, California as a result of fraudulent and deceitful conduct by a third party. The Company believes it has a strong defense and intends to vigorously defend itself against these claims. Management currently believes that the ultimate resolution of these matters will not have a material adverse impact on the financial condition, results of operations or liquidity of the Company.

On December 21, 2018, along with several other parties, JLM Investment Group, LLC and 8939 La Mesa Partners, LLC were defendants in a lawsuit in the California Superior Court for the County of San Diego regarding the ownership of property at 8939 La Mesa Blvd. in the City of La Mesa, California, and regarding the ownership of a potential retail cannabis facility at that location. Although UL La Mesa LLC was not a party to the lawsuit, the lawsuit fundamentally involved UL La Mesa LLC's full ownership of the potential retail business. Ultimately, the dispute was settled on August 15, 2019 for $202,051, paid in full by UL La Mesa LLC, resulting in the preservation of UL La Mesa LLC's ownership of the retail business.

A lawsuit was filed by ULBP and its management company, SBC, against SourceOne Payroll Services, Inc. on May 20, 2019 in the California Superior Court for the County of San Diego arising from SourceOne's misappropriation of funds. See Note 10 for details. The lawsuit was settled in 2020, with ULBP to be reimbursed approximately $21,000 related to fees and penalties incurred as a result of SourceOne's misconduct and failure to impound ULBP's payroll taxes with the IRS.

On June 27, 2019, SBC filed a lawsuit against Sustainable Therapeutics Cooperative, Inc., 3500 Management Company Inc., George Diaz, and George P. Diaz in the California Superior Court for the County of San Diego. The suit alleges that SBC was to receive certain equity interests in 3500 Management Company Inc. as part of an agreement to manage a retail medicinal cannabis facility. On February 14, 2020, Sustainable Therapeutics Cooperative, Inc. filed a cross-complaint against SBC. Management currently believes that the ultimate resolution of these matters will not have a material adverse impact on the financial condition, results of operations or liquidity of the Company.

On March 6, 2020, UL Holdings NV LLC terminated its transaction with UL NuVeda Holdings LLC due to regulatory impossibility and demanded the repayment of its purchase price and additional sums. On August 14, 2020, UL Holdings NV LLC filed a lawsuit against UL NuVeda Holdings LLC, NuVeda LLC, Clark NMSD LLC, Nye Natural Medicinal Solutions LLC, and their respective owners in the Delaware Court of Chancery. The suit seeks to recoup in excess of $6 million in damages, including UL Holdings NV LLC's investment in UL NuVeda Holdings LLC. See Note 18 for related subsequent events.

NOTE 16 – COMMITMENTS AND CONTINGENCIES CONT.

Warrants

Warrants granted to Series A Shareholders on October 13, 2020 are contingent upon a probable future event and, as such, meet the criteria of a contingent liability under IAS 137 *Provisions, Contingent Liabilities and Contingent Assets*. See Note 11.

Project Eureka

During 2019, the Company agreed to and paid $150,000 for joint venturers to promote legalizing medicinal and/or adult-use cannabis and to assist the Company in applying for permits and licenses. As of December 31, 2020, the project was discontinued.

Excise taxes

Excise taxes related to Q3 2020 were collected by the Company and a repayment plan to remit these taxes was agreed to by the taxing authority as of December 31, 2020. During 2021, the Company was assessed a $1,353,577 penalty due to late remittance. The Company plans to appeal the assessment and has included the penalty in excise taxes payable in the accompanying combined and consolidated statements of financial position. See Note 18 for related subsequent events.

NOTE 17 – FINANCIAL RISK MANAGEMENT

The Company is exposed to a variety of financial instrument related risks. Management, in conjunction with the Company's Board of Directors, mitigates these risks by assessing, monitoring and approving the Company's risk management processes.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. The Company generates cash flow primarily from its operating and financing activities. As of December 31, 2020 and 2019, the Company had cash balances of $5,997,087 and $6,547,907, respectively, to settle current liabilities of $30,420,458 and $25,371,599, respectively.

In addition to the commitments outlined in Note 13, right-of-use assets and lease liabilities and Note 16, commitments and contingencies, the Company had the following contractual obligations as of December 31, 2020:

	Less than 1 year	1 to 3 years	4 to 5 years	> 5 years	total
Accounts payable and accrued liabilities	$ 8,992,604	$ -	$ -	$ -	$ 8,992,604
Payroll liabilities	1,453,735	-	-	-	1,453,735
Taxes payable	10,787,819	-	-	-	10,787,819
Notes payable and accrued interest	12,466,700	7,479,000	-	-	19,945,700
	$ 33,700,858	$ 7,479,000	$ -	$ -	$41,179,858

The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecasted and actual cash flows. Where sufficient liquidity may exist, the Company may pursue various debt and equity instruments for either short or long-term financing of its operations.

Management believes there is sufficient capital to meet short-term obligations, after taking into account the cash flow requirements from operations and the Company's cash position at year-end.

Credit Risk

Credit risk is the risk of potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash, accounts receivable, and investments, which expose the Company to credit risk should the borrower default on maturity of the instruments. Cash is primarily held with reputable banks, and at secure facilities controlled by the Company. Management believes that the credit risk concentration with respect to financial instruments included in cash and accounts receivable is minimal.

NOTE 17 – FINANCIAL RISK MANAGEMENT CONT.

Concentration Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash, accounts receivable and delivery revenue. For cash, the Company is exposed to credit risk in the event of default by the financial institutions to the extent of the amounts recorded on the accompanying combined and consolidated statements of financial position. Deliveries are predominantly facilitated by an unrelated company operating a third-party technology platform, which collects sales revenues through cash and debit card processors with relationships with ULBP and Uprooted. The loss of these delivery revenues could impact the Company's ability to provide cannabis goods to certain consumers. Credit risk with respect to the receivables held at the debit card processors and the Company's inability to obtain these funds could have a material adverse effect upon profitability and cash flows. As of December 31, 2020 and 2019, two debit card processors accounted for 96% of ULBP's and Uprooted's accounts receivable balances.

Market Risk

Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not subject to significant interest rate volatility as its note payable and convertible notes are carried at a fixed interest rate throughout their term. The Company considers interest rate risk to be immaterial.

Asset Forfeiture Risk

As the cannabis industry remains illegal under U.S. federal law, any property owned by participants in the cannabis industry which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property were never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture.

Banking Risk

Notwithstanding that a majority of states have legalized medical cannabis, and the U.S. Congress's passage of the SAFE Banking Act, there has been no change in U.S. federal banking laws related to the deposit and holding of funds derived from activities related to the cannabis industry. Given that U.S. federal law provides that the production and possession of cannabis is illegal under the U.S. Federal Controlled Substances Act, there is a strong argument that banks cannot accept for deposit funds from businesses involved with the cannabis industry.

Due to the present state of the laws and regulations governing financial institutions in the U.S., only a small percentage of banks and credit unions offer financial services to the cannabis industry. Although the Company has strong relationships with several banking partners, regulatory restrictions make it extremely difficult for any cannabis company to obtain financing from U.S. federally regulated entities. Additionally, U.S. federal prohibitions on the sale of cannabis may result in cannabis manufacturers and retailers being restricted from accessing the U.S. banking system and they may be unable to deposit funds in federally chartered banking institutions. While the Company does not anticipate material impacts from dealing with banking restrictions directly relating to its business, additional banking restrictions could nevertheless be imposed that would result in existing deposit accounts being closed and/or the inability to make further bank deposits. The inability to open bank accounts would make it more difficult for the Company to operate and would substantially increase operating costs and risk.

NOTE 18 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued.

Acquisitions, Store Openings, Financings and Held for Sale

a. On January 11, 2021, Calgen Trading Inc.'s retail operations opened to the public in Vista, California.

b. On January 21, 2021, the Company granted 5,056 non-qualified stock options to the former CEO with a purchase price of $9.89 per share.

c. On February 1, 2021, the Company granted 350,000 non-qualified stock options to the CEO with a purchase price of $9.89 per share.

d. On February 1, 2021, the Company signed a lease agreement on behalf of Uprooted Inc. for a term of 2 years.

e. On March 30, 2021, the Company granted 175,000 non-qualified stock options to the general counsel with a purchase price of $9.89 per share.

f. On April 12, 2021, the Company granted 100,000 non-qualified stock options to an employee with a purchase price of $9.89 per share.

g. On April 16, 2021, the Company signed a Membership Interest Repurchase Agreement to sell back their 33 1/3% membership interest in 2220 NBC, LLC for $1,150,000.

h. On April 26, 2021, the maturity date of the SBC Buyout note payable was extended to April 26, 2022. An extension fee of $20,000 was incurred and paid.

i. On April 30, 2021, the Company granted 100,000 non-qualified stock options to an employee with a purchase price of $9.89 per share.

j. On May 3, 2021, the Company granted 100,000 non-qualified stock options to an employee with a purchase price of $9.89 per share.

k. On June 18, 2021, the Company entered into a term sheet to sell Lafayette Street Property Management, LLC for $1,700,000 to a third party. An impairment loss of $300,000 was recognized as of December 31, 2020.

l. On June 30, 2021, the Company signed a Second Omnibus Amendment to extend the maturity dates of the loans for the 658 San Ysidro Blvd LLC and 909 West Vista Way LLC properties to September 30, 2021 and incurred extension fees of $256,481. On September 30, 2021, the Company signed a Third Omnibus Amendment to extend the maturity dates to December 31, 2021 and incurred extension fees of $220,475. On December 31, 2021, the Company signed a Fourth Omnibus Amendment to extend the maturity dates to March 31, 2022 and incurred extension fees of $100,000. All outstanding principals and extension fees are due at maturity.

m. On July 23, 2021, the Company signed a non-binding letter of intent with a third party. Per this letter, 100% of the equity interests in UL Holdings, Inc. will be acquired pursuant to a definitive purchase and sale agreement or a merger agreement. The warrants granted to all purchasers of Series A Preferred Stock will be revalued with a definitive purchase and sale agreement or a merger agreement. Effective after the execution of a purchase and sale agreement, a termination fee of $2,500,000 shall be payable by the Company if the proposed transaction is terminated by the Company. On November 29, 2021, the Company entered into an Agreement and Plan of Merger and Reorganization with this third party.

n. On July 23, 2021, the Company signed a Secured Promissory Note and received $5,200,000 from a related party.

o. On July 23, 2021, the Company signed an Unsecured Promissory Note and received $1,000,000 from a third party.

p. On September 14, 2021, the Company received multiple Notice of Action on Request for Relief from Penalty letters from the California Department of Tax and Fee Administration relieving excise tax penalties totaling $4,378,748, of which $1,758,222 was assessed and paid in 2020, $1,267,003 was assessed and accrued as of December 31, 2020 and $1,353,523 was related to 2021.

q. On October 1, 2021, the Company signed an addendum to the leases on behalf of ULBP Inc. to exercise the options to extend the current terms of the leases for 60 months.

r. On October 6, 2021, the Company signed a Settlement Agreement on behalf of UL Holdings NV LLC and received $1,000,000 as payment for their membership interests in the entity. UL Holdings NV LLC filed for dissolution on November 15, 2021.

NOTE 18 – SUBSEQUENT EVENTS CONT.

s. On October 18, 2021 the Company entered into a sublease agreement on behalf of UL Kenamar LLC with a third party to rent a portion of the warehouse space currently occupied by the Company. On November 1, 2021, the Company signed an amendment to their lease to provide for payment of previously deferred rent, to acknowledge the sublease agreement, and to acknowledge the sublessor's right to purchase the property from the lessor.

t. On November 29, 2021 the Company granted 100,000 non-qualified stock options to an employee with a purchase price of $9.89 per share retroactive to August 6, 2019.

u. On December 7, 2021 the Company amended the number of shares that may be issued in the stock option plan, increasing the number of shares by 275,056.

v. On January 14, 2022 the Company's founders sold the office building which UL Management Inc. operates in to a third party and simultaneously signed a lease agreement to lease the building back for a term of 2 years.

w. The following entities were dissolved during 2021:
- UL Chula One LLC on March 29, 2021
- UL Gardena LLC on April 12, 2021
- New Origins Management Inc on April 15, 2021
- UL Holdings NV LLC on November 11, 2021
- UL Products LLC on November 21, 2021

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Combined & Consolidated
Financial Statements
As of and for the years ended
December 31, 2020 and 2019

BAY PARK
1028 Buenos Ave.
San Diego, CA 92110
619.275.2235

GROVER BEACH
239 S. Third St.
Grover Beach, CA 93433
805.556.4198

LA MESA
7339 El Cajon Blvd
La Mesa, CA 91942
619.784.2525

SAN YSIDRO
658 E San Ysidro Blvd..
San Diego, CA 92173
619.663.6337

SEASIDE
680 Broadway Ave.
Seaside, CA 93955
831.233.3422

SAN JOSE
2943 Daylight Way
San Jose, CA 95111
408.224.0420

APPENDIX Q
AMENDED AND RESTATED SHAREHOLDER RIGHTS PLAN AGREEMENT

(see attached)

AMENDED AND RESTATED
SHAREHOLDER RIGHTS PLAN AGREEMENT

DATED AS OF ~~MAY 31~~FEBRUARY 22, ~~2019~~2022

BETWEEN

HARBORSIDE INC. AND

ODYSSEY TRUST COMPANY

AS RIGHTS AGENT

AIRD BERLIS

SHAREHOLDER RIGHTS PLAN AGREEMENT
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AMENDED AND RESTATED SHAREHOLDER RIGHTS PLAN AGREEMENT

MEMORANDUM OF AGREEMENT dated as of ~~May 31~~February 22, ~~2019~~2022 between Harborside Inc. (the "**Corporation**"), a corporation existing under the laws of the Province of Ontario and Odyssey Trust Company, a trust company existing under the laws of Alberta and registered to carry on business in the Provinces of Alberta and British Columbia (the "**Rights Agent**");

WHEREAS the Corporation entered into a shareholder rights plan agreement dated as of May 31, 2019 with the Rights Agent (the "**Original Rights Plan**")

AND WHEREAS the Corporation wishes to effect certain amendments to update and restate the Original Rights Plan in its entirety to be on the terms and conditions in the form of this amended and restated shareholder rights plan agreement to take effect immediately upon receipt of the approval and confirmation of the amended and restated shareholder rights plan agreement by the shareholders of the Corporation at the special meeting of shareholders held on February 22, 2022;

AND WHEREAS the Board of Directors (as hereinafter defined) has determined that it is in the best interests of the Corporation to adopt ~~a~~the amended and restated shareholder rights plan to ensure, to the extent possible, that all shareholders of the Corporation are treated fairly in connection with any take-over bid for the Corporation;

AND WHEREAS ~~in order to implement the adoption of a shareholder rights plan as established by this Agreement, the Board of Directors has:~~

~~(a) authorized the issuance, effective at 12:01 a.m. (Toronto time) on the Effective Date (as hereinafter defined), of one Right (as hereinafter defined) in respect of each Subordinate Voting Share (as hereinafter defined) outstanding at 12:01 a.m. (Toronto time) on the Effective Date (the "**Record Time**"); and~~

~~(b) authorized the issuance of one Right in respect of each Subordinate Voting Share issued after the Record Time and prior to the earlier of the Separation Time (as hereinafter defined) and the Expiration Time (as hereinafter defined);~~the Original Rights Plan is hereby amended and restated as provided herein (the Original Rights Plan as so amended and restated being herein referred to as the "**Agreement**");

AND WHEREAS each Right entitles the holder thereof, after the Separation Time (as hereinafter defined), to purchase securities of the Corporation pursuant to the terms and subject to the conditions set forth herein;

~~**AND WHEREAS** the Corporation desires to appoint the Rights Agent to act on behalf of the Corporation and the holders of Rights, and the Rights Agent is willing to so act, in connection with the issuance, transfer, exchange and replacement of Rights~~

~~Certificates (as hereinafter defined), the exercise of Rights and other matters referred to herein;~~

NOW THEREFORE in consideration of the premises and the respective covenants and agreements set forth herein, and subject to such covenants and agreements, the parties hereby agree as follows:

ARTICLE 1 - INTERPRETATION

1.1 Certain Definitions

For purposes of this Agreement, the following terms have the meanings indicated:

(a) **"*1934 Exchange Act*"** means the *Securities Exchange Act* of 1934 of the United States, as amended, and the rules and regulations thereunder as now in effect or as the same may from time to time be amended, re-enacted or replaced;

(b) **"Acquiring Person"** ~~shall mean~~means any Person who is the Beneficial Owner of 20% or more of the then outstanding Subordinate Voting Shares; provided, however, that the term **"Acquiring Person"** shall not include:

(i) the Corporation or any Subsidiary of the Corporation;

(ii) any Person who becomes the Beneficial Owner of 20% or more of the outstanding Subordinate Voting Shares as a result of one or any combination of (A) a Subordinate Voting Share Reduction, (B) a Permitted Bid Acquisition, (C) an Exempt Acquisition ~~or~~, (D) a Pro Rata Acquisition, or (E) Convertible Security Acquisition; provided, however, that if a Person becomes the Beneficial Owner of 20% or more of the outstanding Subordinate Voting Shares by reason of one or any combination of the operation of Paragraphs (A), (B), (C), (D) or (~~D~~E) above and such Person's Beneficial Ownership of Subordinate Voting Shares thereafter increases by more than 1.0% of the number of Subordinate Voting Shares then outstanding (other than pursuant to one or any combination of a Subordinate Voting Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition ~~or~~, a Pro Rata Acquisition, or a Convertible Security Acquisition), then as of the date such Person becomes the Beneficial Owner of such additional Subordinate Voting Shares, such Person shall become an **"Acquiring Person"**; ~~and~~

(iii) for a period of ten days after the Disqualification Date (as defined below), any Person who becomes the Beneficial Owner of 20% or more of the outstanding Subordinate Voting Shares as a result of such person becoming disqualified from relying on paragraph (v) under the definition of "Beneficial Owner" solely because such Person or the Beneficial Owner of such Subordinate Voting Shares

is making or has announced an intention to make a Take-over Bid, either alone or by acting jointly or in concert with any other Person. For the purposes of this definition, "Disqualification Date" means the first date of public announcement that any Person is making or has announced an intention to make a Take-over Bid; or

(iv) ~~(iii)~~ an underwriter or member of a banking or selling group that becomes the Beneficial Owner of 20% or more of the Subordinate Voting Shares in connection with a distribution of securities of the Corporation;

(c) **"Affiliate"** when used to indicate a relationship with a Person means a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified Person;

(d) **"Agreement"** shall mean this amended and restated shareholder rights plan agreement dated as of February 22, 2022, which amends and restates the shareholder rights plan dated as of May 31, 2019, between the Corporation and the Rights Agent, as the same may be amended, supplemented and/or restated from time to time; "hereof", "herein", "hereto" and similar expressions mean and refer to this Agreement as a whole and not to any particular part of this Agreement;

(e) **"Associate"** means, when used to indicate a relationship with a specified Person, a spouse of that Person, any Person of the same or opposite sex with whom that Person is living in a conjugal relationship outside marriage, a child of that Person or a relative of that Person if that relative has the same residence as that Person;

(f) A Person shall be deemed the **"Beneficial Owner"** of, and to have **"Beneficial Ownership"** of, and to **"Beneficially Own"**,

(i) any securities as to which such Person or any of such Person's Affiliates or Associates is the owner at law or in equity;

(ii) any securities as to which such Person or any of such Person's Affiliates or Associates has the right to become the owner at law or in equity (where such right is exercisable immediately or within a period of 60 days and whether or not on condition or the happening of any contingency or the making of any payment) pursuant to any agreement, arrangement, pledge or understanding, whether or not in writing (other than (x) customary agreements with and between underwriters and/or banking group members and/or selling group members with respect to a public offering or private placement of securities and (y) pledges of securities in the ordinary course of business), or upon the exercise of any conversion right, exchange

right, share purchase right (other than the Rights), warrant or option; or

(iii) any securities which are Beneficially Owned within the meaning of Clauses 1.1(f)(i) and (ii) by any other Person with whom such Person is acting jointly or in concert;

provided, however, that a Person shall not be deemed the **"Beneficial Owner"** of, or to have **"Beneficial Ownership"** of, or to **"Beneficially Own"**, any security:

(iv) where such security has been agreed to be deposited or tendered pursuant to a Lock-up Agreement or is otherwise deposited to any Take-over Bid made by such Person, made by any of such Person's Affiliates or Associates or made by any other Person acting jointly or in concert with such Person until such deposited or tendered security has been taken up or paid for, whichever shall first occur;

(v) where such Person, any of such Person's Affiliates or Associates or any other Person acting jointly or in concert with such Person holds such security provided that:

A. the ordinary business of any such Person (the **"Investment Manager"**) includes the management of investment funds for others (which others, for greater certainty, may include or be limited to one or more employee benefit plans or pension plans) and such security is held by the Investment Manager in the ordinary course of such business in the performance of such Investment Manager's duties for the account of any other Person (a **"Client"**), including a non-discretionary account held on behalf of a Client by a broker or dealer registered under applicable law;

B. such Person (the **"Trust Company"**) is licensed to carry on the business of a trust company under applicable laws and, as such, acts as trustee or administrator or in a similar capacity in relation to the estates of deceased or incompetent Persons (each an **"Estate Account"**) or in relation to other accounts (each an **"Other Account"**) and holds such security in the ordinary course of such duties for the estate of any such deceased or incompetent Person or for such other accounts;

C. such Person is established by statute for purposes that include, and the ordinary business or activity of such Person (the **"Statutory Body"**) includes, the management of investment funds for employee benefit plans, pension plans, insurance plans or various public bodies;

D. such Person (the **"Administrator"**) is the administrator or trustee of one or more pension funds or plans (a **"Plan"**), or is a Plan, registered under the laws of Canada or any Province thereof or the laws of the United States of America or any State thereof;

E. such Person (the **"Crown Agent"**) is a Crown agent or agency; or

F. such Person (the **"Manager"**) is the manager or trustee of a mutual fund (**"Mutual Fund"**) that is registered or qualified to issue its securities to investors under the securities laws of any province of Canada or the laws of the United States of America or is a Mutual Fund.

provided, in any of the above cases, that the Investment Manager, the Trust Company, the Statutory Body, the Administrator, the Plan, the Crown Agent, the Manager or the Mutual Fund, as the case may be, is not then making a Take-over Bid or has not then announced an intention to make a Take-over Bid alone or acting jointly or in concert with any other Person, other than an Offer to Acquire Subordinate Voting Shares or other securities (x) pursuant to a distribution by the Corporation, (y) by means of a Permitted Bid or (z) by means of ordinary market transactions (including pre-arranged trades entered into in the ordinary course of business of such Person) executed through the facilities of a stock exchange or organized over-the-counter market;

(vi) where such Person is (A) a Client of the same Investment Manager as another Person on whose account the Investment Manager holds such security, (B) an Estate Account or an Other Account of the same Trust Company as another Person on whose account the Trust Company holds such security or (C) a Plan with the same Administrator as another Plan on whose account the Administrator holds such security;

(vii) where such Person is (A) a Client of an Investment Manager and such security is owned at law or in equity by the Investment Manager, (B) an Estate Account or an Other Account of a Trust Company and such security is owned at law or in equity by the Trust Company or (C) a Plan and such security is owned at law or in equity by the Administrator of the Plan; or

(viii) where such Person is a registered holder of such security as a result of carrying on the business of, or acting as a nominee of, a securities depository;

(g) **"Board of Directors"** shall mean the board of directors of the Corporation or any duly constituted and empowered committee thereof;

(h) **"Business Day"** shall mean any day other than a Saturday, Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law to close;

(i) **"Canadian Dollar Equivalent"** of any amount which is expressed in United States Dollars means, on any date, the Canadian dollar equivalent of such amount determined by multiplying such amount by the U.S. - Canadian Exchange Rate in effect on such date;

(j) **"Canadian - U.S. Exchange Rate"** means, on any date, the inverse of the U.S. - Canadian Exchange Rate in effect on such date;

(k) **"close of business"** on any given date shall mean the time on such date (or, if such date is not a Business Day, the time on the next succeeding Business Day) at which the principal transfer office in Toronto, Ontario of the transfer agent for the Subordinate Voting Shares (or, after the Separation Time, the principal transfer office in Toronto, Ontario of the Rights Agent) is closed to the public; provided, however, that for the purposes of the definitions of "Competing Permitted Bid" and "Permitted Bid", "close of business" on any date means 11:59 p.m. (local time at the place of deposit) on such date (or, if such date is not a Business Day, 11:59 p.m. (local time at the place of deposit) on the next succeeding Business Day);

(l) **"Competing Permitted Bid"** means a Take-over Bid that:

(i) is made after a Permitted Bid or another Competing Permitted Bid has been made and prior to the expiry, termination or withdrawal of the Permitted Bid or Competing Permitted Bid; and

(ii) satisfies all components of the definition of a Permitted Bid other than the requirements set out in Clause (ii)(A) of the definition of a Permitted Bid; and

(iii) contains, and the take-up and payment for securities tendered or deposited is subject to, an irrevocable and unqualified condition that no Subordinate Voting Shares will be taken up or paid for pursuant to the Take-over Bid prior to the close of business on the last day of the minimum initial deposit period that such Take-over Bid must remain open for deposits or tenders of securities thereunder pursuant to NI 62-104 after the date of the Take-over Bid constituting the Competing Permitted Bid;

provided, however, that a Take-over Bid that qualified as a Competing Permitted Bid shall cease to be a Competing Permitted

Bid at any time and as soon as such time as when such Take-over Bid ceases to meet any or all of the provisions of this definition;

(m) **"controlled"** a Person is "controlled" by another Person or two or more other Persons acting jointly or in concert if:

(i) in the case of a body corporate, securities entitled to vote in the election of directors of such body corporate carrying more than 50% of the votes for the election of directors are held, directly or indirectly, by or for the benefit of the other Person and the votes carried by such securities are entitled, if exercised, to elect a majority of the board of directors of such body corporate;

(ii) in the case of a Person which is not a body corporate, more than 50% of the voting interests of such entity are held, directly or indirectly, by or for the benefit of the other Person; or

(iii) in the case of a Person which is a limited partnership, the general partner controls the partnership;

and "controls", "controlling" and "under common control with" shall be interpreted accordingly;

(n) "**Convertible Security**" means a security convertible or exchangeable into a Subordinate Voting Share;

(o) "**Convertible Security Acquisition**" means an acquisition by a Person of Subordinate Voting Shares upon the exercise, conversion or exchange of Convertible Securities received by a Person pursuant to a Permitted Bid Acquisition, an Exempt Acquisition or a Pro Rata Acquisition;

(p) ~~(n)~~ **"Co-Rights Agents"** shall have the meaning ascribed thereto in Subsection 4.1(a);

(q) ~~(o)~~ **"Disposition Date"** shall have the meaning ascribed thereto in Subsection 5.1(h);

(r) ~~(p)~~ **"Distribution Reinvestment Acquisition"** shall mean an acquisition of Subordinate Voting Shares pursuant to a Distribution Reinvestment Plan;

(s) ~~(q)~~ **"Distribution Reinvestment Plan"** means a regular distribution reinvestment or other plan of the Corporation made available by the Corporation to holders of its securities where such plan permits the holder to direct that some or all of:

(i) distributions paid in respect of Subordinate Voting Shares;

(ii) proceeds of redemption of Subordinate Voting Shares;

(iii) interest paid on evidences of indebtedness of the Corporation; or

(iv) optional cash payments;

be applied to the purchase from the Corporation of Subordinate Voting Shares;

(t) ~~(r)~~ "**Effective Date**" means May 31, 2019;

(u) ~~(s)~~ **"Election to Exercise"** shall have the meaning ascribed thereto in Clause 2.2(d)(ii);

(v) ~~(t)~~ **"Exempt Acquisition"** means ~~a~~an acquisition of Subordinate Voting Share ~~acquisition~~ or Convertible Securities of the Corporation:

(i) in respect of which the Board of Directors has waived the application of Section 3.1 pursuant to the provisions of Subsection 5.1(a) or (h);

(ii) pursuant to an amalgamation, arrangement, merger, business combination, or other similar transaction (statutory or otherwise, but, for greater certainty, excluding a Take-over Bid) having similar effect, which has been approved by the Board of Directors and the holders of voting shares of the Corporation by the requisite majority or majorities of the holders of such voting shares at a meeting duly called and held for such purpose in accordance with the provisions of the OBCA, the constating documents of the Corporation and any other applicable legal requirements;

(iii) which is made as an intermediate step in a series of related transactions in connection with an acquisition by the Corporation or any of its Subsidiaries of a Person or assets, provided that the acquiror of such Subordinate Voting Shares distributes or is deemed to distribute such Subordinate Voting Shares to its securityholders within ten Business Days of the completion of such acquisition; or

(iv) pursuant to a distribution by the Corporation of Subordinate Voting Shares or Convertible Securities (and the conversion or exchange of such securities), by way of a private placement or prospectus by the Corporation;

(w) ~~(u)~~ **"Exercise Price"** shall mean, as of any date, the price at which a holder may purchase the securities issuable upon exercise of one whole Right which, until adjustment thereof in accordance with the terms hereof, shall be an amount equal to three times the Market Price;

(x) ~~(v)~~ **"Expansion Factor"** shall have the meaning ascribed thereto in Clause 2.3(a)(x);

(y) ~~(w)~~ **"Expiration Time"** shall mean the earlier of:

(i) the Termination Time; and

(ii) the close of business on that date which is the ~~ate~~date of termination of this Agreement under Section 5.16;

(z) ~~(x)~~ **"Flip-in Event"** shall mean a transaction in or pursuant to which any Person becomes an Acquiring Person;

(aa) ~~(y)~~ **"holder"** shall have the meaning ascribed thereto in Section 2.8;

(bb) ~~(z)~~ **"Independent Shareholders"** shall mean holders of Subordinate Voting Shares, other than:

(i) any Acquiring Person;

(ii) any Offeror (other than any Person who, by virtue of Clause 1.1(f)(v), is not deemed to Beneficially Own the Subordinate Voting Shares held by such Person);

(iii) any Affiliate or Associate of any Acquiring Person or Offeror;

(iv) any Person acting jointly or in concert with any Acquiring Person or Offeror; and

(v) any employee benefit plan, deferred profit sharing plan, share participation plan and any other similar plan or trust for the benefit of employees of the Corporation unless the beneficiaries of the plan or trust direct the manner in which the Subordinate Voting Shares are to be voted or withheld from voting or direct whether the Subordinate Voting Shares are to be tendered to a Take-over Bid;

(cc) ~~(aa)~~ **"Lock-up Agreement"** means an agreement between an Offeror, any of its Affiliates or Associates or any other Person acting jointly or in concert with the Offeror and a Person (the **"Locked-up Person"**) who is not an Affiliate or Associate of the Offeror or a Person acting jointly or in concert with the Offeror whereby the Locked-up Person agrees to deposit or tender the Subordinate Voting Shares held by the Locked-up Person to the Offeror's Take-over Bid or to any Take-over Bid made by any of the Offeror's Affiliates or Associates or made by any other Person acting jointly or in concert with the Offeror (the **"Lock-up Bid"**), provided that:

(i) the agreement:

A. permits the Locked-up Person to withdraw the Subordinate Voting Shares from the agreement in order to tender or deposit the Subordinate Voting Shares to another Take-over Bid or to support another transaction that in either case will

provide greater value to the Locked-up Person than the Lock-up Bid; or

B. (1) permits the Locked-up Person to withdraw the Subordinate Voting Shares from the agreement in order to tender or deposit the Subordinate Voting Shares to another Take-over Bid or to support another transaction that contains an offering price for each Subordinate Voting Share that exceeds by as much as or more than a specified amount (the **"Specified Amount"**) the offering price for each Subordinate Voting Share contained in or proposed to be contained in the Lock-up Bid; and (2) does not by its terms provide for a Specified Amount that is greater than 7% of the offering price contained in or proposed to be contained in the Lock-up Bid;

and, for greater clarity, the Lock-up Agreement may contain a right of first refusal or require a period of delay to give an Offeror an opportunity to match a higher price in another Take-over Bid or other similar limitation on a Locked-up Person as long as the Locked-up Person can accept another bid or tender to another transaction;

(ii) the agreement does not provide for any "break-up" fees, "top-up" fees, penalties, expense reimbursement or other amounts that exceed in aggregate the greater of:

A. the cash equivalent of 2.5% of the consideration payable under the Take-over Bid to the Locked-up Person; and

B. 50% of the amount by which the consideration payable under another Take-over Bid or transaction to a Locked-up Person exceeds the consideration that such Locked-up Person would have received under the Lock-up Bid;

to be paid by a Locked-up Person pursuant to the Lock-up Agreement in the event that the Locked-up Person fails to deposit or tender Subordinate Voting Shares to the Lock-up Bid or withdraws Subordinate Voting Shares in order to tender to another Take-over Bid or participate in another transaction; and

(iii) the agreement is made available to the public:

A. not later than the date on which the Lock-up Bid is publicly announced; or

B. if the Lock-up Bid has been made prior to the date on which such agreement has been entered into, forthwith and in any

event not later than the Business Day following the date of such agreement;

(dd) ~~(bb)~~ **"Market Price"** per security of any securities on any date of determination shall mean the average of the daily closing prices per security of such securities (determined as described below) on each of the 20 consecutive Trading Days through and including the Trading Day immediately preceding such date; provided, however, that if an event of a type analogous to any of the events described in Section 2.3 hereof shall have caused the closing prices used to determine the Market Price on any Trading Days not to be fully comparable with the closing price on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day, each such closing price so used shall be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 hereof in order to make it fully comparable with the closing price on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day. The closing price per share of any securities on any date shall be:

(i) the closing board lot sale price or, in case no such sale takes place on such date, the average of the closing bid and asked prices for each of such securities as reported by the principal Canadian stock exchange (as determined by volume of trading) on which such securities are listed or admitted to trading;

(ii) if for any reason none of such prices is available on such day or the securities are not listed or posted for trading on a Canadian stock exchange, the last sale price or, in case no such sale takes place on such date, the average of the closing bid and asked prices for each of such securities as reported by the principal national United States securities exchange (as determined by volume of trading) on which such securities are listed or admitted to trading;

(iii) if for any reason none of such prices is available on such day or the securities are not listed or admitted to trading on a Canadian stock exchange or a national United States securities exchange, the last sale price or, in case no sale takes place on such date, the average of the high bid and low asked prices for each of such securities in the over-the-counter market, as quoted by any recognized reporting system then in use; or

(iv) if for any reason none of such prices is available on such day or the securities are not listed or admitted to trading on a Canadian stock exchange or a national United States securities exchange or quoted by any such reporting system, the average of the closing bid and

asked prices as furnished by a recognized professional market maker making a market in the securities;

provided, however, that if for any reason none of such prices is available on such day, the closing price per share of such securities on such date means the fair value per share of such securities on such date as determined by a nationally recognized investment dealer or investment banker; provided further that if an event of a type analogous to any of the events described in Section 2.3 hereof shall have caused any price used to determine the Market Price on any Trading Day not to be fully comparable with the price as so determined on the Trading Day immediately preceding such date of determination, each such price so used shall be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 hereof in order to make it fully comparable with the price on the Trading Day immediately preceding such date of determination. The Market Price shall be expressed in Canadian dollars and, if initially determined in respect of any day forming part of the 20 consecutive Trading Day period in question in United States dollars, such amount shall be translated into Canadian dollars on such date at the Canadian Dollar Equivalent thereof;

(ee) ~~(cc)~~ "**NI 62-104**" shall mean National Instrument 62-104 *Take-Over Bids and Issuer Bids*, as amended, re-enacted or replaced from time to time, and any comparable or successor laws or instruments thereto;

(ff) ~~(dd)~~ **"Nominee"** shall have the meaning ascribed thereto in Subsection 2.2(c);

(gg) "**OBCA**" means the *Business Corporations Act* (Ontario), R.S.O. 1990, c. B. 16, as amended, and the regulations made thereunder, and any comparable successor laws or regulations thereto;

(hh) ~~(ee)~~ **"Offer to Acquire"** shall include:

(i) an offer to purchase or a solicitation of an offer to sell Subordinate Voting Shares; and

(ii) an acceptance of an offer to sell Subordinate Voting Shares, whether or not such offer to sell has been solicited;

or any combination thereof, and the Person accepting an offer to sell shall be deemed to be making an Offer to Acquire to the Person that made the offer to sell;

(ii) ~~(ff)~~ **"Offeror"** shall mean a Person who has announced, and has not withdrawn, an intention to make or who has made, and has not withdrawn, a Take-over Bid, other than a Person who has completed a Permitted Bid, a Competing Permitted Bid or an Exempt Acquisition;

(jj) ~~(gg)~~ **"Offeror's Securities"** means Subordinate Voting Shares Beneficially Owned by an Offeror on the date of the Offer to Acquire;

(kk) ~~(hh)~~ **"Permitted Bid"** means a Take-over Bid made by an Offeror by way of take-over bid circular which also complies with the following additional provisions:

(i) the Take-over Bid is made to all holders of Subordinate Voting Shares as registered on the books of the Corporation, other than the Offeror;

(ii) the Take-over Bid contains, and the take-up and payment for securities tendered or deposited is subject to, an irrevocable and unqualified condition that no Subordinate Voting Shares will be taken-up or paid for pursuant to the Take-over Bid (A) prior to the close of business on a date which is not less than 105 days following the date of the Take-over Bid or such shorter minimum initial deposit period that a take-over bid (that is not exempt from Part 2, Division 5 (Bid Mechanics) of NI 62-104) must remain open for deposits of securities thereunder, in the applicable circumstances at such time, pursuant to NI 62-104 and (B) then only if at the close of business on such date more than 50% of the Subordinate Voting Shares held by Independent Shareholders shall have been deposited or tendered pursuant to the Take-over Bid and not withdrawn;

(iii) unless the Take-over Bid is withdrawn, the Take-over Bid contains an irrevocable and unqualified condition that Subordinate Voting Shares may be deposited pursuant to such Take-over Bid at any time during the period of time described in Clause 1.1(ii)(ii) and that any Subordinate Voting Shares deposited pursuant to the Take-over Bid may be withdrawn until taken up and paid for; and

(iv) the Take-over Bid contains an irrevocable and unqualified condition that in the event that the deposit condition set forth in Clause 1.1(ii)(ii)(B) is satisfied the Offeror will make a public announcement of that fact and the Take-over Bid will remain open for deposits and tenders of Subordinate Voting Shares for not less than ten days from the date of such public announcement;

provided that, should a Permitted Bid cease to be a Permitted Bid because it ceases to meet any or all of the requirements mentioned above prior to the time it expires (after giving effect to any extension) or is withdrawn, then any acquisition of Subordinate Voting Shares made pursuant to such Permitted Bid, including any acquisition of Subordinate Voting Shares made prior to such time, shall not be a Permitted Bid Acquisition. The term "Permitted Bid" shall include a Competing Permitted Bid.

(ll) ~~(ii)~~ **"Permitted Bid Acquisition"** shall mean an acquisition of Subordinate Voting Shares made pursuant to a Permitted Bid or a Competing Permitted Bid;

(mm) ~~(jj)~~ **"Person"** shall include any individual, firm, partnership, association, trust, trustee, executor, administrator, legal personal representative, body corporate, corporation, unincorporated organization, syndicate, governmental entity or other entity;

(nn) ~~(kk)~~ **"Pro Rata Acquisition"** means an acquisition by a Person of Subordinate Voting Shares pursuant to:

(i) a Distribution Reinvestment Acquisition;

(ii) a share split or other event in respect of Subordinate Voting Shares pursuant to which such Person becomes the Beneficial Owner of Subordinate Voting Shares on the same pro rata basis as all other holders of Subordinate Voting Shares;

(iii) the acquisition or the exercise by the Person of only those rights to purchase Subordinate Voting Shares distributed to that Person in the course of a distribution to all holders of Subordinate Voting Shares pursuant to a rights offering or pursuant to a prospectus, provided that the Person does not thereby acquire a greater percentage of such Subordinate Voting Shares or securities convertible into or exchangeable for Subordinate Voting Shares so offered than the Person's percentage of Subordinate Voting Shares Beneficially Owned immediately prior to such acquisition; or

(iv) a distribution of Subordinate Voting Shares, or securities convertible into or exchangeable for Subordinate Voting Shares (and the conversion or exchange of such convertible or exchangeable securities), made pursuant to a prospectus or by way of a private placement, provided that the Person does not thereby acquire a greater percentage of such Subordinate Voting Shares, or securities convertible into or exchangeable for Subordinate Voting Shares, so offered than the Person's percentage of Subordinate Voting Shares Beneficially Owned immediately prior to such acquisition;

(oo) ~~(ll)~~ "**Record Time**" ~~has the meaning set forth in the recitals to this Agreement~~means 12:01 a.m. (Toronto time) on the Effective Date;

(pp) ~~(mm)~~ **"Right"** means a right to purchase a Subordinate Voting Share upon the terms and subject to the conditions set forth in this Agreement;

(qq) ~~(nn)~~ **"Rights Certificate"** means the certificates representing the Rights after the Separation Time, which shall be substantially in the form attached hereto as Attachment 1;

(rr) ~~(oo)~~ **"Rights Register"** shall have the meaning ascribed thereto in Subsection 2.6(a);

(ss) ~~(pp)~~ **"*Securities Act* (Ontario)"** shall mean the *Securities Act*, R.S.O. 1990, c.S.5, as amended, and the regulations thereunder, and any comparable or successor laws or regulations thereto;

(tt) ~~(qq)~~ **"Separation Time"** shall mean the close of business on the eighth Trading Day after the earlier of:

(i) the Subordinate Voting Share Acquisition Date;

(ii) the date of the commencement of or first public announcement of the intent of any Person (other than the Corporation or any Subsidiary of the Corporation) to commence a Take-over Bid (other than a Permitted Bid or a Competing Permitted Bid), or such later time as may be determined by the Board of Directors, provided that, if any Take-over Bid referred to in this Clause (ii) expires, is cancelled, terminated or otherwise withdrawn prior to the Separation Time, such Take-over Bid shall be deemed, for the purposes of this definition, never to have been made; and

(iii) the date on which a Permitted Bid or a Competing Permitted Bid ceases to be such;

(uu) ~~(rr)~~ **"Shareholder"** means a holder of Subordinate Voting Shares;

(vv) ~~(ss)~~ **"Subordinate Voting Share Acquisition Date"** shall mean the first date of public announcement (which, for purposes of this definition, shall include, without limitation, a report filed pursuant to section 5.2 of NI 62-104 or Section 13(d) of the *1934 Exchange Act*) by the Corporation or an Acquiring Person that an Acquiring Person has become such;

(ww) ~~(tt)~~ **"Subordinate Voting Share Reduction"** means an acquisition or redemption by the Corporation of Subordinate Voting Shares which, by reducing the number of Subordinate Voting Shares outstanding, increases the proportionate number of Subordinate Voting Shares Beneficially Owned by any person to 20% or more of the Subordinate Voting Shares then outstanding;

(xx) ~~(uu)~~ **"Subordinate Voting Shares"** shall mean the subordinate voting shares in the capital of the Corporation and "**Subordinate Voting Share**" means any one of them;

(yy) ~~(vv)~~ **"Subsidiary"** a corporation is a Subsidiary of another corporation or person if:

(i) it is controlled by:

A. that other; or

B. that other and one or more corporations each of which is controlled by that other; or

C. two or more corporations each of which is controlled by that other; or

(ii) it is a Subsidiary of a corporation that is that other's Subsidiary;

(zz) ~~(ww)~~ **"Take-over Bid"** shall mean an Offer to Acquire Subordinate Voting Shares, or securities convertible into Subordinate Voting Shares if, assuming that the Subordinate Voting Shares or convertible securities subject to the Offer to Acquire are acquired and are Beneficially Owned at the date of such Offer to Acquire by the Person making such Offer to Acquire, such Subordinate Voting Shares (including Subordinate Voting Shares that may be acquired upon conversion of securities convertible into Subordinate Voting Shares) together with the Offeror's Securities, constitute in the aggregate 20% or more of the outstanding Subordinate Voting Shares at the date of the Offer to Acquire;

(aaa) ~~(xx)~~ "Termination Time" means the time at which the right to exercise Rights will terminate pursuant to subsection 5.1(e);

(bbb) ~~(yy)~~ **"Trading Day"**, when used with respect to any securities, shall mean a day on which the principal Canadian stock exchange on which such securities are listed or admitted to trading is open for the transaction of business or, if the securities are not listed or admitted to trading on any Canadian stock exchange, a Business Day;

(ccc) ~~(zz)~~ **"U.S.-Canadian Exchange Rate"** means, on any date:

(i) if on such date the Bank of Canada sets an average noon spot rate of exchange for the conversion of one United States dollar into Canadian dollars, such rate; and

(ii) in any other case, the rate for such date for the conversion of one United States dollar into Canadian dollars calculated in such manner as may be determined by the Board of Directors from time to time acting in good faith; and

(ddd) ~~(aaa)~~ **"U.S. Dollar Equivalent"** of any amount which is expressed in Canadian dollars means, on any date, the United States dollar equivalent of such amount determined by multiplying such amount by the Canadian-U.S. Exchange Rate in effect on such date.

1.2 Currency

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada, unless otherwise specified.

1.3 Headings

The division of this Agreement into Articles, Sections, Subsections, Clauses, Paragraphs, Subparagraphs or other portions hereof and the insertion of headings, subheadings and a table of contents are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.4 Calculation of Number and Percentage of Beneficial Ownership of Outstanding Subordinate Voting Shares

For purposes of this Agreement, the percentage of Subordinate Voting Shares Beneficially Owned by any Person, shall be and be deemed to be the product (expressed as a percentage) determined by the formula:

100 x A/B

where:

A = the number of votes for the election of all directors generally attaching to the Subordinate Voting Shares Beneficially Owned by such Person; and

B = the number of votes for the election of all directors generally attaching to all outstanding Subordinate Voting Shares.

Where any Person is deemed to Beneficially Own unissued Subordinate Voting Shares, such Subordinate Voting Shares shall be deemed to be outstanding for the purpose of calculating the percentage of Subordinate Voting Shares Beneficially Owned by such Person.

1.5 Acting Jointly or in Concert

For the purpose hereof, a Person is acting jointly or in concert with another Person if the first Person has any agreement, arrangement or understanding (whether formal or informal and whether or not in writing) with the other Person, any Associate or Affiliate of such other Person, or any other Person acting jointly or in concert with such other Person, to acquire or offer to acquire any Subordinate Voting Shares (other than customary agreements with and between underwriters and banking group or selling group members with respect to a public offering or distribution of securities and other than pursuant to a pledge of securities in the ordinary course of business).

1.6 Generally Accepted Accounting Principles

Wherever in this Agreement reference is made to generally accepted accounting principles, such reference shall be deemed to be the recommendations at the

relevant time of the Canadian Institute of Chartered Accountants, or any successor institute, applicable on a consolidated basis (unless otherwise specifically provided herein to be applicable on an unconsolidated basis) as at the date on which a calculation is made or required to be made in accordance with generally accepted accounting principles. Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Agreement or any document, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as otherwise agreed in writing by the parties, be made in accordance with generally accepted accounting principles applied on a consistent basis.

ARTICLE 2 - THE RIGHTS

2.1 Subordinate Voting Shares Issued After Record Time

Subordinate Voting Shares which are issued after the Record Time but prior to the earlier of the Separation Time and the Expiration Time, shall also evidence one Right for each such Subordinate Voting Share and, if certificates are issued in respect of any Subordinate Voting Shares, the following legend shall be impressed on, printed on, written on or otherwise affixed to them:

> "Until the Separation Time (defined in the Shareholder Rights Agreement referred to below), this certificate also evidences rights of the holder described in a Shareholder Rights Plan Agreement dated as of May 31, 2019, as subsequently amended and restated, and as may from time to time be further amended, restated, supplemented, or replaced (the "Shareholder Rights Agreement") between Harborside Inc. (the "Corporation") and Odyssey Trust Company, the terms of which are incorporated herein by reference and a copy of which is on file at the principal executive offices of the Corporation. Under certain circumstances set out in the Shareholder Rights Agreement, the rights may expire, may become null and void or may be evidenced by separate certificates and no longer evidenced by this certificate. The Corporation will mail or arrange for the mailing of a copy of the Shareholder Rights Agreement to the holder of this certificate without charge as soon as practicable after the receipt of a written request therefor."

Any Subordinate Voting Shares that are issued and outstanding at the Record Time shall also evidence one Right for each such Subordinate Voting Share, notwithstanding the absence of certificates evidencing such Subordinate Voting Shares or the absence of the foregoing legend thereon, until the close of business on the earlier of the Separation Time and the Expiration Time.

2.2 Initial Exercise Price; Exercise of Rights; Detachment of Rights

(a) Subject to adjustment as herein set forth, each Right will entitle the holder thereof, from and after the Separation Time and prior to the Expiration Time, to purchase one Subordinate Voting Share for the Exercise Price (and the Exercise Price and number of Subordinate Voting Shares are subject to adjustment as set forth below). Notwithstanding any other provision of this

Agreement, any Rights held by the Corporation or any of its Subsidiaries shall be void.

(b) Until the Separation Time:

(i) the Rights shall not be exercisable and no Right may be exercised; and

(ii) each Right will be evidenced by the associated Subordinate Voting Shares registered in the name of the holder thereof or the nominee of such holder (which Subordinate Voting Share shall also be deemed to represent a Right) and will be transferable only together with, and will be transferred by a transfer of, such associated Subordinate Voting Share.

(c) From and after the Separation Time and prior to the Expiration Time:

(i) the Rights shall be exercisable; and

(ii) the registration and transfer of Rights shall be separate from and independent of Subordinate Voting Shares.

Promptly following the Separation Time, the Corporation will prepare and the Rights Agent will mail to each holder of record of Subordinate Voting Shares as of the Separation Time, and in respect of each Convertible Security converted into Subordinate Voting Shares after the Separation Time and prior to the Expiration Time, promptly after such conversion, (other than an Acquiring Person and, in respect of any Rights Beneficially Owned by such Acquiring Person which are not held of record by such Acquiring Person, the holder of record of such Rights (a **"Nominee"**)) at such holder's address as shown by the records of the Corporation (the Corporation hereby agreeing to furnish copies of such records to the Rights Agent for this purpose):

(x) a Rights Certificate appropriately completed, representing the number of Rights held by such holder at the Separation Time and having such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Corporation may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any law, rule or regulation or with any rule or regulation of any self-regulatory organization, stock exchange or quotation system on which the Rights may from time to time be listed or traded, or to conform to usage; and

(y) a disclosure statement describing the Rights,

provided that a Nominee shall be sent the materials provided for in (x) and (y) in respect of all Subordinate Voting Shares held of record by it which are not Beneficially Owned by an Acquiring Person and the Corporation may require any

Nominee or suspected Nominee to provide such information and documentation as the Corporation may reasonably require for such person.

(d) Rights may be exercised, in whole or in part, on any Business Day after the Separation Time and prior to the Expiration Time by submitting to the Rights Agent:

(i) the Rights Certificate evidencing such Rights;

(ii) an election to exercise such Rights (an **"Election to Exercise"**) substantially in the form attached to the Rights Certificate appropriately completed and executed by the holder or his executors or administrators or other personal representatives or his or their legal attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Rights Agent; and

(iii) payment by certified cheque, banker's draft or money order payable to the order of the Rights Agent, of a sum equal to the Exercise Price multiplied by the number of Rights being exercised and a sum sufficient to cover any transfer tax or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for Subordinate Voting Shares in a name other than that of the holder of the Rights being exercised.

(e) Upon receipt of a Rights Certificate, together with a completed Election to Exercise executed in accordance with Clause 2.2(d)(ii), which does not indicate that such Right is null and void as provided by Subsection 3.1(b), and payment as set forth in Clause 2.2(d)(iii), the Rights Agent (unless otherwise instructed in writing by the Corporation in the event that the Corporation is of the opinion that the Rights cannot be exercised in accordance with this Agreement) will thereupon promptly:

(i) if certificates evidencing Subordinate Voting Shares are to be issued, requisition from the transfer agent certificates representing the number of such Subordinate Voting Shares to be purchased (the Corporation hereby irrevocably authorizing its transfer agent to comply with all such requisitions);

(ii) when appropriate, requisition from the Corporation the amount of cash to be paid in lieu of issuing fractional Subordinate Voting Shares;

(iii) if applicable, after receipt of the certificates referred to in Clause 2.2(e)(i), deliver the same to or upon the order of the registered holder of such Rights Certificates, registered in such name or names as may be designated by such holder; ~~and~~

(iv) when appropriate, after receipt, deliver the cash referred to in Clause 2.2(e)(ii) to or to the order of the registered holder of such Rights Certificate; and

(v) remit to the Corporation all payments received on exercise of the Rights.

(f) In case the holder of any Rights shall exercise less than all the Rights evidenced by such holder's Rights Certificate, a new Rights Certificate evidencing the Rights remaining unexercised (subject to the provisions of Subsection 5.5(a)) will be issued by the Rights Agent to such holder or to such holder's duly authorized assigns.

(g) The Corporation covenants and agrees that it will:

(i) take all such action as may be necessary and within its power to ensure that all Subordinate Voting Shares issued upon exercise of Rights shall, at the time of such issuance (subject to payment of the Exercise Price), be duly and validly authorized and issued as fully paid and non-assessable;

(ii) take all such action as may be necessary and within its power to comply with the requirements of the Corporation's constating documents, the *Securities Act* (Ontario) and the other applicable securities laws or comparable legislation of each of the provinces of Canada and any other applicable law, rule or regulation, in connection with the issuance and delivery of the Rights Certificates and the issuance of any Subordinate Voting Shares upon exercise of Rights;

(iii) use reasonable efforts to cause all Subordinate Voting Shares issued upon exercise of Rights to be listed on the stock exchanges on which such Subordinate Voting Shares were traded immediately prior to the Subordinate Voting Share Acquisition Date;

(iv) cause to be reserved and kept available out of the authorized and unissued Subordinate Voting Shares, the number of Subordinate Voting Shares that, as provided in this Agreement, will from time to time be sufficient to permit the exercise in full of all outstanding Rights;

(v) pay when due and payable, if applicable, any and all federal, provincial and municipal transfer taxes and charges (not including any income or capital taxes of the holder or exercising holder or any liability of the Corporation to withhold tax) which may be payable in respect of the original issuance or delivery of the Rights Certificates, or, if applicable, certificates for Subordinate Voting Shares to be issued upon exercise of any Rights, provided that the Corporation shall not be required to pay any transfer tax or charge which may be

payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or, if applicable, delivery of certificates for, Subordinate Voting Shares in a name other than that of the holder of the Rights being transferred or exercised; and

(vi) after the Separation Time, except as permitted by Section 5.1, not take (or permit any Subsidiary to take) any action if at the time such action is taken it is reasonably foreseeable that such action will diminish substantially or otherwise eliminate the benefits intended to be afforded by the Rights.

2.3 Adjustments to Exercise Price; Number of Rights

The Exercise Price, the number and kind of securities subject to purchase upon exercise of each Right and the number of Rights outstanding are subject to adjustment from time to time as provided in this Section 2.3.

(a) In the event the Corporation shall at any time after the date of this Agreement:

(i) declare or pay a distribution on Subordinate Voting Shares payable in Subordinate Voting Shares (or other securities exchangeable for or convertible into or giving a right to acquire Subordinate Voting Shares or other securities of the Corporation) other than pursuant to any optional stock dividend program;

(ii) subdivide or change the then outstanding Subordinate Voting Shares into a greater number of Subordinate Voting Shares;

(iii) consolidate or change the then outstanding Subordinate Voting Shares into a smaller number of Subordinate Voting Shares; or

(iv) issue any Subordinate Voting Shares (or other securities exchangeable for or convertible into or giving a right to acquire Subordinate Voting Shares or other securities of the Corporation) in respect of, in lieu of or in exchange for existing Subordinate Voting Shares except as otherwise provided in this Section 2.3,

the Exercise Price and the number of Rights outstanding, or, if the payment or effective date therefor shall occur after the Separation Time, the securities purchasable upon exercise of Rights shall be adjusted as of the payment or effective date in the manner set forth below.

If the Exercise Price and number of Rights outstanding are to be adjusted:

(x) the Exercise Price in effect after such adjustment will be equal to the Exercise Price in effect immediately prior to such adjustment divided by the number of Subordinate Voting Shares (or other securities) (the **"Expansion Factor"**) that a holder of one

Subordinate Voting Share immediately prior to such distribution, subdivision, change, consolidation or issuance would hold thereafter as a result thereof; and

(y) each Right held prior to such adjustment will become that number of Rights equal to the Expansion Factor,

and the adjusted number of Rights will be deemed to be distributed among the Subordinate Voting Shares with respect to which the original Rights were associated (if they remain outstanding) and the Subordinate Voting Shares issued in respect of such distribution, subdivision, change, consolidation or issuance, so that each such Subordinate Voting Share (or other securities) will have exactly one Right associated with it.

For greater certainty, if the securities purchasable upon exercise of Rights are to be adjusted, the securities purchasable upon exercise of each Right after such adjustment will be the securities that a holder of the securities purchasable upon exercise of one Right immediately prior to such distribution, subdivision, change, consolidation or issuance would hold thereafter as a result of such dividend, subdivision, change, consolidation or issuance.

If, after the Record Time and prior to the Expiration Time, the Corporation shall issue any securities other than Subordinate Voting Shares in a transaction of a type described in Clause 2.3(a)(i) or (iv), such securities shall be treated herein as nearly equivalent to Subordinate Voting Shares as may be practicable and appropriate under the circumstances and the Corporation and the Rights Agent agree to amend this Agreement in order to effect such treatment. If an event occurs which would require an adjustment under both this Section 2.3 and Subsection 3.1(a) hereof, the adjustment provided for in this Section 2.3 shall be in addition to and shall be made prior to any adjustment required pursuant to Section 3.1(a) hereof. Adjustments pursuant to Subsection 2.3(a) shall be made successively, whenever an event referred to in Subsection 2.3(a) occurs.

In the event the Corporation shall at any time after the Record Time and prior to the Separation Time issue any Subordinate Voting Shares otherwise than in a transaction referred to in this Subsection 2.3(a), each such Subordinate Voting Share so issued shall automatically have one new Right associated with it, which Right shall be evidenced by the certificate representing such associated Subordinate Voting Share.

(b) In the event the Corporation shall at any time after the Record Time and prior to the Separation Time fix a record date for the issuance of rights, options or warrants to all holders of Subordinate Voting Shares entitling them (for a period expiring within 45 calendar days after such record date) to subscribe for or purchase Subordinate Voting Shares (or securities convertible into or exchangeable for or carrying a right to purchase

Subordinate Voting Shares) at a price per Subordinate Voting Share (or, if a security convertible into or exchangeable for or carrying a right to purchase or subscribe for Subordinate Voting Shares, having a conversion, exchange or exercise price, including the price required to be paid to purchase such convertible or exchangeable security or right per Subordinate Voting Share) less than the Market Price per Subordinate Voting Share, the Exercise Price to be in effect after such record date shall be determined by multiplying the Exercise Price in effect immediately prior to such record date by a fraction:

(i) the numerator of which shall be the number of Subordinate Voting Shares outstanding on such record date, plus the number of Subordinate Voting Shares that the aggregate offering price of the total number of Subordinate Voting Shares so to be offered (and/or the aggregate initial conversion, exchange or exercise price of the convertible or exchangeable securities or rights so to be offered, including the price required to be paid to purchase such convertible or exchangeable securities or rights) would purchase at such Market Price per Subordinate Voting Share; and

(ii) the denominator of which shall be the number of Subordinate Voting Shares outstanding on such record date, plus the number of additional Subordinate Voting Shares to be offered for subscription or purchase (or into which the convertible or exchangeable securities or rights so to be offered are initially convertible, exchangeable or exercisable).

In case such subscription price may be paid by delivery of consideration, part or all of which may be in a form other than cash, the value of such consideration shall be as determined in good faith by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and the holders of Rights. Such adjustment shall be made successively whenever such a record date is fixed, and in the event that such rights, options or warrants are not so issued, or if issued, are not exercised prior to the expiration thereof, the Exercise Price shall be readjusted to the Exercise Price which would then be in effect if such record date had not been fixed, or to the Exercise Price which would be in effect based upon the number of Subordinate Voting Shares (or securities convertible into, or exchangeable or exercisable for Subordinate Voting Shares) actually issued upon the exercise of such rights, options or warrants, as the case may be.

For purposes of this Agreement, the granting of the right to purchase Subordinate Voting Shares (whether from treasury or otherwise) pursuant to the Dividend Reinvestment Plan or any employee benefit, stock option or similar plans shall be deemed not to constitute an issue of rights, options or warrants by the Corporation; provided, however, that, in all such cases, the right to purchase Subordinate Voting Shares is at a price per share of not

less than 95 per cent of the current market price per share (determined as provided in such plans) of the Subordinate Voting Shares.

(c) Notwithstanding anything herein to the contrary, no adjustment in the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least one per cent in the Exercise Price; provided, however, that any adjustments which by reason of this Subsection 2.3(c) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under Section 2.3 shall be made to the nearest cent or to the nearest ten-thousandth of a Subordinate Voting Share. Notwithstanding the first sentence of this Subsection 2.3(c), any adjustment required by Section 2.3 shall be made no later than the earlier of:

(i) three years from the date of the transaction which gives rise to such adjustment; or

(ii) the Expiration Date.

(d) In the event the Corporation shall at any time after the Record Time and prior to the Separation Time fix a record date for the making of a distribution to all holders of Subordinate Voting Shares (including any such distribution made in connection with a merger, arrangement or amalgamation) of evidences of indebtedness, cash (other than a regular periodic cash dividend or a dividend referred to in Clause 2.3(a)(i), but including any dividend payable in other securities of the Corporation, other than Subordinate Voting Shares), assets or rights, options or warrants (excluding those referred to in Subsection 2.3(b)), the Exercise Price in effect immediately prior to such record date by a fraction:

(i) the numerator of which shall be the Market Price per Subordinate Voting Share on such record date, less the fair market value (as determined in good faith by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent, and the holders of Rights), on a per share basis, of the portion of the cash, assets, evidences of indebtedness, rights, options or warrants so to be distributed; and

(ii) the denominator of which shall be such Market Price per Subordinate Voting Share.

Such adjustments shall be made successively whenever such a record date is fixed, and in the event that such a distribution is not so made, the Exercise Price shall be adjusted to be the Exercise Price which would have been in effect if such record date had not been fixed.

(e) ~~(d)~~ In the event the Corporation shall at any time after the Record Time and prior to the Separation Time issue any securities (other than Subordinate Voting Shares), or rights, options or warrants to subscribe for or purchase

any such securities, in a transaction referred to in Clause 2.3(a)(i) or (iv), if the Board of Directors acting in good faith determines that the adjustments contemplated by Subsections 2.3(a) and (b) in connection with such transaction will not appropriately protect the interests of the holders of Rights, the Board of Directors may determine what other adjustments to the Exercise Price, number of Rights and/or securities purchasable upon exercise of Rights would be appropriate and, notwithstanding Subsections 2.3(a) and (b), and subject to prior approval of the holders of the Subordinate Voting Shares or of Rights, as the case may be, as provided in Section 5.4, such adjustments, rather than the adjustments contemplated by Subsections 2.3(a) and (b), shall be made. Subject to the prior consent of the holders of the Subordinate Voting Shares or the Rights obtained as set forth in Subsection 5.4(b) or (c), the Corporation and the Rights Agent shall have authority to amend this Agreement as appropriate to provide for such adjustments.

(f) ~~(e)~~ Each Right originally issued by the Corporation subsequent to any adjustment made to the Exercise Price hereunder shall evidence the right to purchase, at the adjusted Exercise Price, the number of Subordinate Voting Shares purchasable from time to time hereunder upon exercise of a Right immediately prior to such issue, all subject to further adjustment as provided herein.

(g) ~~(f)~~ Irrespective of any adjustment or change in the Exercise Price or the number of Subordinate Voting Shares issuable upon the exercise of the Rights, the Rights Certificates theretofore and thereafter issued may continue to express the Exercise Price per Subordinate Voting Share and the number of Subordinate Voting Shares which were expressed in the initial Rights Certificates issued hereunder.

(h) ~~(g)~~ In any case in which this Section 2.3 shall require that an adjustment in the Exercise Price be made effective as of a record date for a specified event, the Corporation may elect to defer until the occurrence of such event the issuance to the holder of any Right exercised after such record date the number of Subordinate Voting Shares and other securities of the Corporation, if any, issuable upon such exercise over and above the number of Subordinate Voting Shares and other securities of the Corporation, if any, issuable upon such exercise on the basis of the Exercise Price in effect prior to such adjustment; provided, however, that the Corporation shall deliver to such holder an appropriate instrument evidencing such holder's right to receive such additional Subordinate Voting Shares (fractional or otherwise) or other securities upon the occurrence of the event requiring such adjustment.

(i) ~~(h)~~ Notwithstanding anything contained in this Section 2.3 to the contrary, the Corporation shall be entitled to make such reductions in the Exercise Price, in addition to those adjustments expressly required by this Section

2.3, as and to the extent that in their good faith judgment the Board of Directors shall determine to be advisable, in order that any:

(i) consolidation or subdivision of Subordinate Voting Shares;

(ii) issuance (wholly or in part for cash) of Subordinate Voting Shares or securities that by their terms are convertible into or exchangeable for Subordinate Voting Shares;

(iii) distributions in specie; or

(iv) issuance of rights, options or warrants referred to in this Section 2.3,

hereafter made by the Corporation to holders of its Subordinate Voting Shares, shall not be taxable to such shareholders.

2.4 Date on Which Exercise Is Effective

Each Person in whose name any certificate for Subordinate Voting Shares or other securities, if applicable, is issued upon the exercise of Rights shall for all purposes be deemed to have become the holder of record of the Subordinate Voting Shares or other securities, if applicable, represented thereon, and such certificate shall be dated the date upon which the Rights Certificate evidencing such Rights was duly surrendered in accordance with Subsection 2.2(d) (together with a duly completed Election to Exercise) and payment of the Exercise Price for such Rights (and any applicable transfer taxes and other governmental charges payable by the exercising holder hereunder) was made; provided, however, that if the date of such surrender and payment is a date upon which the Subordinate Voting Share transfer books of the Corporation are closed, such Person shall be deemed to have become the record holder of such Subordinate Voting Shares on, and such certificate shall be dated, the next succeeding Business Day on which the Subordinate Voting Share transfer books of the Corporation are open.

2.5 Execution, Authentication, Delivery and Dating of Rights Certificates

(a) The Rights Certificates shall be executed on behalf of the Corporation by its Chairman of the Board, President, Chief Executive Officer, Chief Financial Officer, or any Vice-President ~~and by its~~, Secretary or ~~any~~ Assistant Secretary. The signature of any of these officers on the Rights Certificates may be manual or facsimile. Rights Certificates bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Corporation shall bind the Corporation, notwithstanding that such individuals or any of them have ceased to hold such offices either before or after the countersignature and delivery of such Rights Certificates.

(b) Promptly after the Corporation learns of the Separation Time, the Corporation will notify the Rights Agent of such Separation Time and will deliver Rights Certificates executed by the Corporation to the Rights Agent for countersignature and disclosure statements describing the Rights, and the Rights Agent shall countersign (in a manner satisfactory to the

Corporation) and send such Rights Certificates and disclosure statements to the holders of the Rights pursuant to Subsection 2.2(c) hereof. No Rights Certificate shall be valid for any purpose until countersigned by the Rights Agent as aforesaid.

(c) Each Rights Certificate shall be dated the date of countersignature thereof by the Rights Agent.

2.6 Registration, Transfer and Exchange

(a) The Corporation will cause to be kept a register (the "Rights Register") in which, subject to such reasonable regulations as it may prescribe, the Corporation will provide for the registration and transfer of Rights. The Rights Agent is hereby appointed registrar for the Rights (the "Rights Registrar") for the purpose of maintaining the Rights Register for the Corporation and registering Rights and transfers of Rights as herein provided and the Rights Agent hereby accepts such appointment. In the event that the Rights Agent shall cease to be the Rights Registrar, the Rights Agent will have the right to examine the Rights Register at all reasonable times. After the Separation Time and prior to the Expiration Time, upon surrender for registration of transfer or exchange of any Rights Certificate, and subject to the provisions of Subsection 2.6(c), the Corporation will execute, and the Rights Agent will countersign and deliver, in the name of the holder or the designated transferee or transferees, as required pursuant to the holder's instructions, one or more new Rights Certificates evidencing the same aggregate number of Rights as did the Rights Certificates so surrendered.

(b) All Rights issued upon any registration of transfer or exchange of Rights Certificates shall be the valid obligations of the Corporation, and such Rights shall be entitled to the same benefits under this Agreement as the Rights surrendered upon such registration of transfer or exchange.

(c) Every Rights Certificate surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Corporation or the Rights Agent, as the case may be, duly executed by the holder thereof or such holder's attorney duly authorized in writing. As a condition to the issuance of any new Rights Certificate under this Section 2.6, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the reasonable fees and expenses of the Rights Agent) connected therewith.

2.7 Mutilated, Destroyed, Lost and Stolen Rights Certificates

(a) If any mutilated Rights Certificate is surrendered to the Rights Agent prior to the Expiration Time, the Corporation shall execute and the Rights Agent shall countersign and deliver in exchange therefor a new Rights Certificate

evidencing the same number of Rights as did the Rights Certificate so surrendered.

(b) If there shall be delivered to the Corporation and the Rights Agent prior to the Expiration Time:

(i) evidence to their reasonable satisfaction of the destruction, loss or theft of any Rights Certificate; and

(ii) such security or indemnity as may be reasonably required by them to save each of them and any of their agents harmless;

then, in the absence of notice to the Corporation or the Rights Agent that such Rights Certificate has been acquired by a bona fide purchaser, the Corporation shall execute and upon the Corporation's request the Rights Agent shall countersign and deliver, in lieu of any such destroyed, lost or stolen Rights Certificate, a new Rights Certificate evidencing the same number of Rights as did the Rights Certificate so destroyed, lost or stolen.

(c) As a condition to the issuance of any new Rights Certificate under this Section 2.7, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the reasonable fees and expenses of the Rights Agent) connected therewith.

(d) Every new Rights Certificate issued pursuant to this Section 2.7 in lieu of any destroyed, lost or stolen Rights Certificate shall evidence the contractual obligation of the Corporation, whether or not the destroyed, lost or stolen Rights Certificate shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Agreement equally and proportionately with any and all other Rights duly issued hereunder.

2.8 Persons Deemed Owners of Rights

The Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent may deem and treat the Person in whose name a Rights Certificate (or, prior to the Separation Time, the associated Subordinate Voting Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby for all purposes whatsoever. As used in this Agreement, unless the context otherwise requires, the term **"holder"** of any Right shall mean the registered holder of such Right (or, prior to the Separation Time, of the associated Subordinate Voting Share).

2.9 Delivery and Cancellation of Certificates

All Rights Certificates surrendered upon exercise or for redemption, registration of transfer or exchange shall, if surrendered to any Person other than the Rights Agent, be delivered to the Rights Agent and, in any case, shall be promptly cancelled by the Rights Agent. The Corporation may at any time deliver to the Rights Agent for cancellation any Rights Certificates previously countersigned and delivered hereunder

which the Corporation may have acquired in any manner whatsoever, and all Rights Certificates so delivered shall be promptly cancelled by the Rights Agent. No Rights Certificate shall be countersigned in lieu of or in exchange for any Rights Certificates cancelled as provided in this Section 2.9, except as expressly permitted by this Agreement. The Rights Agent shall, subject to applicable laws, and its ordinary business practices, destroy all cancelled Rights Certificates and deliver a certificate of destruction to the Corporation upon request.

2.10 Agreement of Rights Holders

Every holder of Rights, by accepting the same, consents and agrees with the Corporation and the Rights Agent and with every other holder of Rights:

(a) to be bound by and subject to the provisions of this Agreement, as amended from time to time in accordance with the terms hereof, in respect of all Rights held;

(b) that prior to the Separation Time, each Right will be transferable only together with, and will be transferred by a transfer of, the associated Subordinate Voting Share certificate representing such Right;

(c) that after the Separation Time, the Rights Certificates will be transferable only on the Rights Register as provided herein;

(d) that prior to due presentment of a Rights Certificate (or, prior to the Separation Time, the associated Subordinate Voting Share certificate) for registration of transfer, the Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent may deem and treat the Person in whose name the Rights Certificate (or, prior to the Separation Time, the associated Subordinate Voting Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on such Rights Certificate or the associated Subordinate Voting Share certificate made by anyone other than the Corporation or the Rights Agent) for all purposes whatsoever, and neither the Corporation nor the Rights Agent shall be affected by any notice to the contrary;

(e) that such holder of Rights has waived his right to receive any fractional Rights or any fractional shares or other securities upon exercise of a Right (except as provided herein);

(f) that, subject to the provisions of Section 5.4, without the approval of any holder of Rights or Subordinate Voting Shares and upon the sole authority of the Board of Directors, acting in good faith, this Agreement may be supplemented or amended from time to time to cure any ambiguity or to correct or supplement any provision contained herein which may be inconsistent with the intent of this Agreement or is otherwise defective, as provided herein;

(g) the Rights Agent shall not be liable to any holder for any failure on the part of the Corporation to perform any of its duties pursuant to the terms of this Agreement; and

(h) notwithstanding anything in this Agreement to the contrary, neither the Corporation nor the Rights Agent shall have any liability to any holder of a Right or any other Person as a result of its inability to perform any of its obligations under this Agreement by reason of any preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission, or any statute, rule, regulation or executive order promulgated or enacted by a governmental authority, prohibiting or otherwise restraining performance of such obligations.

2.11 Rights Certificate Holder Not Deemed a Shareholder

No holder, as such, of any Rights or Rights Certificate shall be entitled to vote, receive distributions or be deemed for any purpose whatsoever the holder of any Subordinate Voting Share or any other share or security of the Corporation which may at any time be issuable on the exercise of the Rights represented thereby, nor shall anything contained herein or in any Rights Certificate be construed or deemed or confer upon the holder of any Right or Rights Certificate, as such, any right, title, benefit or privilege of a holder of Subordinate Voting Shares or any other securities of the Corporation or any right to vote at any meeting of Shareholders of the Corporation whether for the election of directors or otherwise or upon any matter submitted to holders of Subordinate Voting Shares or any other shares of the Corporation at any meeting thereof, or to give or withhold consent to any action of the Corporation, or to receive notice of any meeting or other action affecting any holder of Subordinate Voting Shares or any other securities of the Corporation except as expressly provided herein, or to receive dividends, distributions or subscription rights, or otherwise, until the Right or Rights evidenced by Rights Certificates shall have been duly exercised in accordance with the terms and provisions hereof.

2.12 Fiduciary Duties of the Directors

Nothing contained herein shall be construed to suggest or imply that the Board of Directors shall not be entitled to recommend that holders of Subordinate Voting Shares reject or accept any Take-over Bid or take any other action including the commencement, prosecution, defence or settlement of any litigation and the solicitation of additional or alternative Take-over Bids or other proposals to Shareholders that the Board of Directors believe are necessary or appropriate in the exercise of their fiduciary duties.

ARTICLE 3 - ADJUSTMENTS TO THE RIGHTS

3.1 Flip-in Event

(a) Subject to Subsection 3.1(b) and Section 5.1, in the event that prior to the Expiration Time a Flip-in Event shall occur, each Right shall constitute, effective at the close of business on the eighth Trading Day after the

Subordinate Voting Share Acquisition Date, the right to purchase from the Corporation, upon exercise thereof in accordance with the terms hereof, that number of Subordinate Voting Shares having an aggregate Market Price on the date of consummation or occurrence of such Flip-in Event equal to twice the Exercise Price for an amount in cash equal to the Exercise Price (such right to be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 in the event that after such consummation or occurrence, an event of a type analogous to any of the events described in Section 2.3 shall have occurred).

(b) Notwithstanding anything in this Agreement to the contrary, upon the occurrence of any Flip-in Event, any Rights that are or were Beneficially Owned on or after the earlier of the Separation Time or the Subordinate Voting Share Acquisition Date by:

(i) an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person); or

(ii) a transferee of Rights, directly or indirectly, from an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person), where such transferee becomes a transferee concurrently with or subsequent to the Acquiring Person becoming such in a transfer that the Board of Directors has determined is part of a plan, arrangement or scheme of an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person), that has the purpose or effect of avoiding Clause 3.1(b)(i),

shall become null and void without any further action, and any holder of such Rights (including transferees) shall thereafter have no right to exercise such Rights under any provision of this Agreement and further shall thereafter not have any other rights whatsoever with respect to such Rights, whether under any provision of this Agreement or otherwise.

(c) From and after the Separation Time, the Corporation shall do all such acts and things as shall be necessary and within its power to ensure compliance with the provisions of this Section 3.1, including without limitation, all such acts and things as may be required to satisfy the requirements of the Corporation's constating documents, the *Securities Act* (Ontario) and the securities laws or comparable legislation of each of the provinces of Canada and of the United States and each of the states thereof in respect of the issue of Subordinate Voting Shares upon the exercise of Rights in accordance with this Agreement.

(d) Any Rights Certificate that represents Rights Beneficially Owned by a Person described in either Clause 3.1(b)(i) or (ii) or transferred to any nominee of any such Person, and any Rights Certificate issued upon transfer, exchange, replacement or adjustment of any other Rights Certificate referred to in this sentence, shall contain the following legend:

> "The Rights represented by this Rights Certificate were issued to a Person who was an Acquiring Person or an Affiliate or an Associate of an Acquiring Person (as such terms are defined in the Shareholder Rights Plan Agreement) or a Person who was acting jointly or in concert with an Acquiring Person or an Affiliate or Associate of an Acquiring Person. This Rights Certificate and the Rights represented hereby are void or shall become void in the circumstances specified in Subsection 3.1(b) of the Shareholder Rights Plan Agreement."

provided, however, that the Rights Agent shall not be under any responsibility to ascertain the existence of facts that would require the imposition of such legend but shall impose such legend only if instructed to do so by the Corporation in writing or if a holder fails to certify upon transfer or exchange in the space provided on the Rights Certificate that such holder is not a Person described in such legend.

ARTICLE 4 - THE RIGHTS AGENT

4.1 General

(a) The Corporation hereby appoints the Rights Agent to act as agent for the Corporation and the holders of the Rights in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Corporation may from time to time appoint such co-Rights Agents (**"Co-Rights Agents"**) as it may deem necessary or desirable, subject to the prior written consent of the Rights Agent. In the event the Corporation appoints one or more Co-Rights Agents, the respective duties of the Rights Agent and Co-Rights Agents shall be as the Corporation may determine, with the approval of the Rights Agent. The Corporation agrees to pay to the Rights Agent from time to time reasonable compensation for all services rendered by it hereunder and, from time to time, on demand of the Rights Agent, its reasonable expenses (including reasonable expenses, advances, counsel fees and disbursements) incurred in the administration and execution of this Agreement and the exercise and performance of its duties hereunder. The Corporation also agrees to indemnify the Rights Agent, its officers, directors and employees for, and to hold such persons harmless against, any loss, liability, cost, claim, action, suit, damage, or expense incurred (that is not the result of gross negligence, bad faith or wilful misconduct on the part of any one or all of the Rights Agent, its officers, directors or employees) for anything done, suffered or omitted by the Rights Agent in connection with the acceptance, execution and administration of this Agreement and the exercise and performance of its duties hereunder,

including the costs and expenses of defending against any claim of liability, which right to indemnification will survive the termination of this Agreement or the resignation or removal of the Rights Agent.

(b) The Rights Agent shall be protected from and shall incur no liability for or in respect of any action taken, suffered or omitted by it in connection with its administration of this Agreement in reliance upon any certificate for Subordinate Voting Shares, Rights Certificate, certificate for other securities of the Corporation, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement, or other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper Person or Persons.

(c) The Corporation shall inform the Rights Agent in a reasonably timely manner of events which may materially affect the administration of this Agreement by the Rights Agent and at any time, upon request, shall provide to the Rights Agent an incumbency certificate with respect to the then current officers and directors of the Corporation.

4.2 Merger, Amalgamation or Consolidation or Change of Name of Rights Agent

(a) Any corporation into which the Rights Agent may be merged or amalgamated or with which it may be consolidated, or any corporation resulting from any merger, amalgamation, statutory arrangement or consolidation to which the Rights Agent is a party, or any corporation succeeding to the shareholder or stockholder services business of the Rights Agent, will be the successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such corporation would be eligible for appointment as a successor Rights Agent under the provisions of Section 4.4 hereof. In case at the time such successor Rights Agent succeeds to the agency created by this Agreement any of the Rights Certificates have been countersigned but not delivered, any successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Rights Certificates so countersigned; and in case at that time any of the Rights have not been countersigned, any successor Rights Agent may countersign such Rights Certificates in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases such Rights Certificates will have the full force provided in the Rights Certificates and in this Agreement.

(b) In case at any time the name of the Rights Agent is changed and at such time any of the Rights Certificates shall have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Rights Certificates so countersigned; and in case at that time any of the Rights Certificates shall not have been countersigned, the

Rights Agent may countersign such Rights Certificates either in its prior name or in its changed name; and in all such cases such Rights Certificates shall have the full force provided in the Rights Certificates and in this Agreement.

4.3 Duties of Rights Agent

The Rights Agent undertakes the duties and obligations imposed by this Agreement upon the following terms and conditions, all of which the Corporation and the holders of certificates for Subordinate Voting Shares and the holders of Rights Certificates, by their acceptance thereof, shall be bound:

(a) the Rights Agent, at the expense of the Corporation, may consult with and retain legal counsel (who may be legal counsel for the Corporation) and such other experts as it shall reasonably consider necessary to perform its duties hereunder, and the opinion of such counsel or other expert will be full and complete authorization and protection to the Rights Agent as to any action taken or omitted to be taken by it in good faith and in accordance with such opinion;

(b) whenever in the performance of its duties under this Agreement the Rights Agent deems it necessary or desirable that any fact or matter be proved or established by the Corporation prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by a Person believed by the Rights Agent to be the Chairman of the Board, President, Chief Executive Officer, Chief Financial Officer, or any Vice-President~~, Treasurer~~, Secretary, or ~~any~~ Assistant Secretary of the Corporation and delivered to the Rights Agent; and such certificate will be full authorization to the Rights Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate;

(c) the Rights Agent will be liable hereunder only for events which are the result of its own gross negligence, bad faith or wilful misconduct;

(d) the Rights Agent will not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or, if applicable, in the certificates for Subordinate Voting Shares, or the Rights Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and will be deemed to have been made by the Corporation only;

(e) the Rights Agent will not be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due authorization, execution and delivery hereof by the Rights Agent) or in respect of the validity or execution of any certificate for a Subordinate Voting Share (if applicable) or Rights Certificate (except its

countersignature thereof); nor will it be responsible for any breach by the Corporation of any covenant or condition contained in this Agreement or in any Rights Certificate; nor will it be responsible for any change in the exercisability of the Rights (including the Rights becoming void pursuant to Subsection 3.1(b) hereof) or any adjustment required under the provisions of Section 2.3 hereof or responsible for the manner, method or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment (except with respect to the exercise of Rights after receipt of the certificate contemplated by Section 2.3 describing any such adjustment); nor will it by any act hereunder be deemed to make any representation or warranty as to the authorization of any Subordinate Voting Shares to be issued pursuant to this Agreement or any Rights or as to whether any Subordinate Voting Shares will, when issued, be duly and validly authorized, executed, issued and delivered and fully paid and non-assessable;

(f) the Corporation agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement;

(g) the Rights Agent is hereby authorized and directed to accept instructions in writing with respect to the performance of its duties hereunder from any individual believed by the Rights Agent to be the Chairman of the Board, President, Chief Executive Officer, Chief Financial Officer, or any Vice-President, ~~Treasurer, Corporate~~ Secretary or ~~any~~ Assistant Secretary of the Corporation, and to apply to such individuals for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered by it in good faith in accordance with instructions of any such individual;

(h) the Rights Agent and any shareholder or stockholder, director, officer or employee of the Rights Agent may buy, sell or deal in Subordinate Voting Shares, Rights or other securities of the Corporation or become pecuniarily interested in any transaction in which the Corporation may be interested, or contract with or lend money to the Corporation or otherwise act as fully and freely as though it were not Rights Agent under this Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Corporation or for any other legal entity;

(i) the Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent will not be answerable or accountable for any act, omission, default, neglect or misconduct of any such attorneys or agents or for any loss to the Corporation resulting from

any such act, omission, default, neglect or misconduct, provided reasonable care was exercised in the selection and continued employment thereof.; and

(j) in the event of any disagreement arising regarding the terms of this Agreement, the Rights Agent shall be entitled, at its option, to refuse to comply with any and all demands whatsoever until the dispute is settled either by written agreement amongst the parties to this Agreement or by a court of competent jurisdiction.

4.4 Change of Rights Agent

The Rights Agent may resign and be discharged from its duties under this Agreement upon 30 days' notice (or such lesser notice as is acceptable to the Corporation) in writing mailed to the Corporation and to each transfer agent of Subordinate Voting Shares by registered or certified mail. The Corporation may remove the Rights Agent upon 30 days' notice in writing, mailed to the Rights Agent and to each transfer agent of the Subordinate Voting Shares by registered or certified mail. If the Rights Agent should resign or be removed or otherwise become incapable of acting, the Corporation will appoint a successor to the Rights Agent. If the Corporation fails to make such appointment within a period of 30 days after such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent, then by prior written notice to the Corporation the resigning Rights Agent or the holder of any Rights (which holder shall, with such notice, submit such holder's Rights Certificate, if any, for inspection by the Corporation), may apply to any court of competent jurisdiction for the appointment of a new Rights Agent, at the Corporation's expense. Any successor Rights Agent, whether appointed by the Corporation or by such a court, shall be a corporation incorporated under the laws of Canada or a province thereof authorized to carry on the business of a trust company in the Province of Ontario. After appointment, the successor Rights Agent will be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent, upon receiving from the Corporation payment in full of all amounts outstanding under this Agreement, shall deliver and transfer to the successor rights agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment, the Corporation will file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Subordinate Voting Shares and mail a notice thereof in writing to the holders of the Rights in accordance with Section 5.9. The cost of giving any notice required under this Section 4.4 shall be borne solely by the Corporation. Failure to give any notice provided for in this Section 4.4, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of any successor Rights Agent, as the case may be.

4.5 Compliance with Anti-Money Laundering Legislation

The Rights Agent shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Rights Agent reasonably determines that such an act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation,

regulation or guideline. Further, should the Rights Agent reasonably determine at any time that its acting under this Agreement has resulted in it being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, then it shall have the right to resign on 10 days' prior written notice to the Corporation, provided: (i) that the Rights Agent's written notice shall describe the circumstances of such non-compliance; and (ii) that if such circumstances are rectified to the Rights Agent's satisfaction within such 10 day period, then such resignation shall not be effective.

4.6 Privacy Legislation

The parties acknowledge that federal and/or provincial legislation that addresses the protection of individual's personal information (collectively, "**Privacy Laws**") applies to obligations and activities under this Agreement. Despite any other provision of this Agreement, neither party will take or direct any action that would contravene, or cause the other to contravene, applicable Privacy Laws. The Corporation will, prior to transferring or causing to be transferred personal information to the Rights Agent, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or will have determined that such consents either have previously been given upon which the parties can rely or are not required under the Privacy Laws. The Rights Agent will use commercially reasonable efforts to ensure that its services hereunder comply with Privacy Laws.

4.7 Liability

Notwithstanding any other provision of this Agreement, and whether such losses or damages are foreseeable or unforeseeable, the Rights Agent shall not be liable under any circumstances whatsoever for any (a) breach by any other party of securities law or other rule of any securities regulatory authority, (b) lost profits or (c) special, indirect, incidental, consequential, exemplary, aggravated or punitive losses or damages. No provision contained in this Agreement shall require the Rights Agent to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers under this Agreement. Notwithstanding any other provision of this Agreement, any liability of the Rights Agent shall be limited, in the aggregate, to the amount of fees paid by the Corporation to the Rights Agent under this Agreement in the 12 months immediately prior to the Rights Agent receiving the first notice of the claim.

ARTICLE 5 - MISCELLANEOUS

5.1 Redemption and Waiver

(a) The Board of Directors acting in good faith may, until the occurrence of a Flip-in Event, upon prior written notice delivered to the Rights Agent, determine to waive the application of Section 3.1 to a particular Flip-in Event that would result from a Take-over Bid made by way of take-over bid circular to all holders of record of Subordinate Voting Shares (which for greater certainty shall not include the circumstances described in Subsection 5.1(h)); provided that if the Board of Directors waives the application of

Section 3.1 to a particular Flip-in Event pursuant to this Subsection 5.1(a), the Board of Directors shall be deemed to have waived the application of Section 3.1 to any other Flip-in Event occurring by reason of any Take-over Bid which is made by means of a take-over bid circular to all holders of record of Subordinate Voting Shares prior to the expiry of any Take-over Bid (as the same may be extended from time to time) in respect of which a waiver is, or is deemed to have been, granted under this Subsection 5.1(a).

(b) Subject to the prior consent of the holders of the Subordinate Voting Shares or the Rights obtained as set forth in Subsection 5.4(b) or (c), the Board of Directors acting in good faith may, at its option, at any time prior to the provisions of Section 3.1 becoming applicable as a result of the occurrence of a Flip-in Event, elect to redeem all but not less than all of the outstanding Rights at a redemption price of $0.001 per Right appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 if an event of the type analogous to any of the events described in Section 2.3 shall have occurred (such redemption price being herein referred to as the **"Redemption Price"**).

(c) The Rights will become void and be of no further effect, without any further formality, on the date that a Person who has made a Permitted Bid, a Competing Permitted Bid or an Exempt Acquisition under Subsection 5.1(a) takes up and pays for the Subordinate Voting Shares pursuant to the Permitted Bid, Competing Permitted Bid or Exempt Acquisition, as applicable.

(d) Where a Take-over Bid that is not a Permitted Bid Acquisition is withdrawn or otherwise terminated after the Separation Time has occurred and prior to the occurrence of a Flip-in Event, the Board of Directors may elect to redeem all the outstanding Rights at the Redemption Price.

(e) If the Board of Directors is deemed under Subsection 5.1(c) to have elected, or elects under either of Subsection 5.1(b) or (d), to redeem the Rights, the right to exercise the Rights will thereupon, without further action and without notice, terminate and the only right thereafter of the holders of Rights shall be to receive the Redemption Price.

(f) Within 10 days after the Board of Directors is deemed under Subsection 5.1(c) to have elected, or elects under Subsection 5.1(b) or (d), to redeem the Rights, the Corporation shall give notice of redemption to the holders of the then outstanding Rights by mailing such notice to each such holder at his last address as it appears upon the registry books of the Rights Agent or, prior to the Separation Time, on the registry books of the transfer agent for the Subordinate Voting Shares. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of redemption will state the method by which the payment of the Redemption Price will be made and will state that no

payment will be made to holders entitled to less than $10.00 in accordance with Subsection 5.1(i).

(g) Upon the Rights being redeemed pursuant to Subsection 5.1(d), all the provisions of this Agreement shall continue to apply as if the Separation Time had not occurred and Rights Certificates representing the number of Rights held by each holder of record of Subordinate Voting Shares as of the Separation Time had not been mailed to each such holder and for all purposes of this Agreement the Separation Time shall be deemed not to have occurred.

(h) The Board of Directors may waive the application of Section 3.1 in respect of the occurrence of any Flip-in Event if the Board of Directors has determined within eight Trading Days following a Subordinate Voting Share Acquisition Date that a Person became an Acquiring Person by inadvertence and without any intention to become, or knowledge that it would become, an Acquiring Person under this Agreement and, in the event that such a waiver is granted by the Board of Directors, such Subordinate Voting Share Acquisition Date shall be deemed not to have occurred. Any such waiver pursuant to this Subsection 5.1(h) must be on the condition that such Person, within 14 days after the foregoing determination by the Board of Directors or such earlier or later date as the Board of Directors may determine (the **"Disposition Date"**), has reduced its Beneficial Ownership of Subordinate Voting Shares such that the Person is no longer an Acquiring Person. If the Person remains an Acquiring Person at the close of business on the Disposition Date, the Disposition Date shall be deemed to be the date of occurrence of a further Subordinate Voting Share Acquisition Date and Section 3.1 shall apply thereto.

(i) The Corporation shall not be obligated to make a payment of the Redemption Price to any holder of Rights unless such holder is entitled to receive at least $10.00 in respect of all of the Rights held by such holder.

5.2 Expiration

No Person shall have any rights whatsoever pursuant to this Agreement or in respect of any Right after the Expiration Time, except the Rights Agent as specified in Subsection 4.1(a) of this Agreement.

5.3 Issuance of New Rights Certificates

Notwithstanding any of the provisions of this Agreement or the Rights to the contrary, the Corporation may, at its option, issue new Rights Certificates evidencing Rights in such form as may be approved by the Board of Directors to reflect any adjustment or change in the number or kind or class of securities purchasable upon exercise of Rights made in accordance with the provisions of this Agreement.

5.4 Supplements and Amendments

(a) The Corporation may make amendments to this Agreement to correct any clerical or typographical error or, subject to Subsection 5.4(e), which are required to maintain the validity of this Agreement as a result of any change in any applicable legislation, rules or regulations thereunder. The Corporation may, prior to the first annual meeting of the shareholders of the Corporation following the Effective Date, supplement or amend this Agreement without the approval of any holders of Rights or Subordinate Voting Shares in order to make any changes which the Board of Directors acting in good faith may deem necessary or desirable. Notwithstanding anything in this Section 5.4 to the contrary, no such supplement or amendment shall be made to the provisions of Article 4 except with the written concurrence of the Rights Agent to such supplement or amendment.

(b) Subject to Section 5.4(a), the Corporation may, with the prior consent of the holders of Subordinate Voting Shares obtained as set forth below, at any time prior to the Separation Time, amend, vary or rescind any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally). Such consent shall be deemed to have been given if the action requiring such approval is authorized by the affirmative vote of a majority of the votes cast by Independent Shareholders present or represented at and entitled to be voted at a meeting of the holders of Subordinate Voting Shares duly called and held in compliance with applicable laws.

(c) The Corporation may, with the prior consent of the holders of Rights, at any time on or after the Subordinate Voting Share Acquisition Date, amend, vary or delete any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally), provided that no such amendment, variation or deletion shall be made to the provisions of Article 4 except with the written concurrence of the Rights Agent thereto. Such consent shall be deemed to have been given if such amendment, variation or deletion is authorized by the affirmative votes of the holders of Rights present or represented at and entitled to be voted at a meeting of the holders and representing 50% plus one of the votes cast in respect thereof.

(d) Any approval of the holders of Rights shall be deemed to have been given if the action requiring such approval is authorized by the affirmative votes of the holders of Rights present or represented at and entitled to be voted at a meeting of the holders of Rights and representing a majority of the votes cast in respect thereof. For the purposes hereof, each outstanding Right (other than Rights which are void pursuant to the provisions hereof) shall be entitled to one vote, and the procedures for the calling, holding and conduct of the meeting shall be those, as nearly as may be, which are provided in the by-laws of the Corporation with respect to meetings of Shareholders.

(e) Any amendments made by the Corporation to this Agreement pursuant to Subsection 5.4(a) which are required to maintain the validity of this Agreement as a result of any change in any applicable legislation, rule or regulation thereunder shall:

(i) if made before the Separation Time, be submitted to the Shareholders at the next meeting of Shareholders and the Shareholders may, by the majority referred to in Subsection 5.4(b), confirm or reject such amendment;

(ii) if made after the Separation Time, be submitted to the holders of Rights at a meeting to be called for on a date not later than immediately following the next meeting of Shareholders and the holders of Rights may, by resolution passed by the majority referred to in Subsection 5.4(d), confirm or reject such amendment.

Any such amendment shall be effective from the date of the resolution of the Board of Directors adopting such amendment, until it is confirmed or rejected or until it ceases to be effective (as described in the next sentence) and, where such amendment is confirmed, it continues in effect in the form so confirmed. If such amendment is rejected by the Shareholders or the holders of Rights or is not submitted to the Shareholders or holders of Rights as required, then such amendment shall cease to be effective from and after the termination of the meeting at which it was rejected or to which it should have been but was not submitted or from and after the date of the meeting of holders of Rights that should have been but was not held, and no subsequent resolution of the Board of Directors to amend this Agreement to substantially the same effect shall be effective until confirmed by the Shareholders or holders of Rights as the case may be.

(f) The Corporation shall give notice in writing to the Rights Agent of any supplement, amendment, deletion, variation or rescission to this Agreement pursuant to this section 5.4 within five (5) Business Days of the date of any such supplement, amendment, deletion, variation or rescission, provided that failure to give such notice, or any defect therein, shall not affect the validity of any such supplement, amendment, deletion, variation or rescission.

5.5 **Fractional Rights and Fractional Subordinate Voting Shares**

(a) The Corporation shall not be required to issue fractions of Rights or to distribute Rights Certificates which evidence fractional Rights. After the Separation Time, in lieu of issuing fractional Rights, the Corporation shall pay to the holders of record of the Rights Certificates (provided the Rights represented by such Rights Certificates are not void pursuant to the provisions of Subsection 3.1(b), at the time such fractional Rights would otherwise be issuable), an amount in cash equal to the fraction of the Market

Price of one whole Right that the fraction of a Right that would otherwise be issuable is of one whole Right.

(b) The Corporation shall not be required to issue fractions of Subordinate Voting Shares upon exercise of Rights or to distribute certificates which evidence fractional Subordinate Voting Shares. In lieu of issuing fractional Subordinate Voting Shares, the Corporation shall pay to the registered holders of Rights Certificates, at the time such Rights are exercised as herein provided, an amount in cash equal to the fraction of the Market Price of one Subordinate Voting Share that the fraction of a Subordinate Voting Share that would otherwise be issuable upon the exercise of such Right is of one whole Subordinate Voting Share at the date of such exercise.

(c) The Rights Agent shall have no obligation to make any payments in lieu of issuing fractions of Rights or Subordinate Voting Shares pursuant to paragraph (a) or (b), respectively, unless and until the Corporation shall have provided to the Rights Agent the amount of cash to be paid in lieu of issuing such fractional Rights or Subordinate Voting Shares, as the case may be.

5.6 Rights of Action

Subject to the terms of this Agreement, all rights of action in respect of this Agreement, other than rights of action vested solely in the Rights Agent, are vested in the respective holders of the Rights. Any holder of Rights, without the consent of the Rights Agent or of the holder of any other Rights, may, on such holder's own behalf and for such holder's own benefit and the benefit of other holders of Rights, enforce, and may institute and maintain any suit, action or proceeding against the Corporation to enforce such holder's right to exercise such holder's Rights, or Rights to which such holder is entitled, in the manner provided in such holder's Rights and in this Agreement. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Agreement and will be entitled to specific performance of the obligations under, and injunctive relief against actual or threatened violations of the obligations of any Person subject to, this Agreement.

5.7 Regulatory Approvals

Any obligation of the Corporation or action or event contemplated by this Agreement shall be subject to the receipt of any requisite approval or consent from any governmental or regulatory authority, and without limiting the generality of the foregoing, necessary approvals of the Canadian Securities Exchange and other exchanges shall be obtained, such as to the issuance of Subordinate Voting Shares upon the exercise of Rights under Subsection 2.2(d).

5.8 Declaration as to Non-Canadian or Non-U.S. Holders

If in the opinion of the Board of Directors (who may rely upon the advice of counsel) any action or event contemplated by this Agreement would require compliance by

the Corporation with the securities laws or comparable legislation of a jurisdiction outside Canada, the Board of Directors acting in good faith shall take such actions as it may deem appropriate to ensure such compliance. In no event shall the Corporation or the Rights Agent be required to issue or deliver Rights or securities issuable on exercise of Rights to persons who are citizens, residents or nationals of any jurisdiction other than Canada, in which such issue or delivery would be unlawful without registration of the relevant Persons or securities for such purposes.

5.9 **Notices**

(a) Notices or demands authorized or required by this Agreement to be given or made by the Rights Agent or by the holder of any Rights to or on the Corporation shall be sufficiently given or made if delivered, sent by registered or certified mail, postage prepaid (until another address is filed in writing with the Rights Agent), or sent by facsimile or other form of recorded electronic communication, charges prepaid and confirmed in writing, as follows:

Harborside Inc.
2100 Embarcadero
Oakland, California 94606
U.S.A.

Attention: Jack Nichols
Email: jack.nichols@hborgroup.com

(b) Notices or demands authorized or required by this Agreement to be given or made by the Corporation or by the holder of any Rights to or on the Rights Agent shall be sufficiently given or made if delivered, sent by registered or certified mail, postage prepaid (until another address is filed in writing with the Corporation), or sent by facsimile or other form of recorded electronic communication, charges prepaid and confirmed in writing, as follows:

Odyssey Trust Company
~~300 5th Avenue SW, Suite 350~~
~~Calgary, AB T2P 3C4~~

702, 67 Yonge Street
Toronto, ON M5E 1J8

Attention: ~~Corporate Trust~~Client Services Department
Email: ~~corptrust~~Clients@odysseytrust.com

(c) Notices or demands authorized or required by this Agreement to be given or made by the Corporation or the Rights Agent to or on the holder of any Rights shall be sufficiently given or made if delivered or sent by first class mail, postage prepaid, addressed to such holder at the address of such holder

as it appears upon the register of the Rights Agent or, prior to the Separation Time, on the register of the Corporation for its Subordinate Voting Shares. Any notice which is mailed or sent in the manner herein provided shall be deemed given, whether or not the holder receives the notice.

(d) Any notice given or made in accordance with this Section 5.9 shall be deemed to have been given and to have been received on the day of delivery, if so delivered, on the third Business Day (excluding each day during which there exists any general interruption of postal service due to strike, lockout or other cause) following the mailing thereof, if so mailed, and on the day of sending of the same by facsimile other means of recorded electronic communication (provided such sending is during the normal business hours of the addressee on a Business Day and if not, on the first Business Day thereafter). Each of the Corporation and the Rights Agent may from time to time change its address for notice by notice to the other given in the manner aforesaid.

5.10 Costs of Enforcement

The Corporation agrees that if the Corporation fails to fulfil any of its obligations pursuant to this Agreement, then the Corporation will reimburse the holder of any Rights for the costs and expenses (including legal fees) incurred by such holder to enforce his rights pursuant to any Rights or this Agreement.

5.11 Successors

All the covenants and provisions of this Agreement by or for the benefit of the Corporation or the Rights Agent shall bind and enure to the benefit of their respective successors and assigns hereunder.

5.12 Benefits of this Agreement

Nothing in this Agreement shall be construed to give to any Person other than the Corporation, the Rights Agent and the holders of the Rights any legal or equitable right, remedy or claim under this Agreement; further, this Agreement shall be for the sole and exclusive benefit of the Corporation, the Rights Agent and the holders of the Rights.

5.13 Governing Law

This Agreement and each Right issued hereunder shall be deemed to be a contract made under the laws of the Province of Ontario and for all purposes shall be governed by and construed in accordance with the laws of such Province applicable to contracts to be made and performed entirely within such Province.

5.14 Severability

If any term or provision hereof or the application thereof to any circumstance shall, in any jurisdiction and to any extent, be invalid or unenforceable, such term or provision shall be ineffective only as to such jurisdiction and to the extent of such

invalidity or unenforceability in such jurisdiction without invalidating or rendering unenforceable or ineffective the remaining terms and provisions hereof in such jurisdiction or the application of such term or provision in any other jurisdiction or to circumstances other than those as to which it is specifically held invalid or unenforceable.

5.15 Effective Date, Expiration Time

Upon being confirmed and approved as provided in Section 5.16, this Agreement shall be effective and in full force and effect in accordance with its terms from and after the Effective Date. Pending such confirmation and approval only the provisions of this Section 5.15 and Sections 5.4, 5.16, 5.17 and 5.19 and defined terms referred to in any of such Sections shall be effective and in full force and effect.

5.16 Confirmation and Approval

This Agreement shall be effective as of and from the Effective Date. This Agreement must be reconfirmed by a resolution passed by a majority of greater than 50 percent of the votes cast by all holders of Subordinate Voting Shares who vote in respect of such reconfirmation at every third annual meeting following the Effective Date (each such annual meeting being a "**Reconfirmation Meeting**"). If the Agreement is not so reconfirmed and approved or reconfirmed, as the case may be, or is not presented for reconfirmation and approval or reconfirmation at such Reconfirmation Meeting, the Agreement and all outstanding Rights shall terminate and be void and of no further force and effect on and from the date of termination of the Reconfirmation Meeting; provided that in the case of any such annual meeting, termination shall not occur if a Flip-in Event has occurred (other than a Flip-in Event which has been waived pursuant to Subsection 5.1(a) or (h) hereof), prior to the date upon which this Agreement would otherwise terminate pursuant to this Section 5.16.

5.17 Determinations and Actions by the Board of Directors

All actions, calculations and determinations (including all omissions with respect to the foregoing) which are done or made by the Board of Directors, in good faith, for the purposes hereof shall not subject the Board of Directors or any director of the Corporation to any liability to the holders of the Rights.

5.18 Time of the Essence

Time shall be of the essence in this Agreement.

5.19 Execution in Counterparts

This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute one and the same instrument.

5.20 Limited Recourse

Notwithstanding any other provision herein, it is hereby acknowledged and agreed that no obligations or liabilities, whether actual or contingent, of the Corporation are personally binding upon, and neither resort nor recourse shall be had to, nor shall satisfaction be sought from, the private property of any kind whatsoever (including, without limitation, any private property consisting of or arising from a distribution by the Corporation of any nature) of any of the directors of the Corporation, any registered or beneficial holder of securities (including Subordinate Voting Shares) of the Corporation or any annuitant under a plan of which a holder of securities (including Subordinate Voting Shares) of the Corporation acts as trustee or carrier, or any officers, employees or agents of the Corporation, and it is hereby further acknowledged and agreed that all obligations and liabilities of the Corporation shall be satisfied only out of and recourse shall limited exclusively to the property and assets of the Corporation.

5.21 Language

Les parties aux presentes ont exigé que la présente convention ainsi que tous les documents et avis qui s'y rattachent ou qui en coulent soient redigés en lang-ue anglaise. The parties hereto have required that this Agreement and all documents and notices related thereto or resulting therefrom be drawn up in English.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

HARBORSIDE INC.

Per: (signed) "*Jack Nichols*"
Name: Jack Nichols
Authorized Signatory

ODYSSEY TRUST COMPANY

Per: (signed) "*Frank Kailik*"
Name: Frank Kailik
Authorized Signatory

Per: (signed) "*Heather Thomas*"
Name: Heather Thomas
Authorized Signatory

ATTACHMENT 1

HARBORSIDE INC.

SHAREHOLDER RIGHTS PLAN AGREEMENT

[Form of Rights Certificate]

Certificate No._____ Rights _____

THE RIGHTS ARE SUBJECT TO TERMINATION ON THE TERMS SET FORTH IN THE SHAREHOLDER RIGHTS PLAN AGREEMENT. UNDER CERTAIN CIRCUMSTANCES (SPECIFIED IN SUBSECTION 3.1(b) OF THE SHAREHOLDER RIGHTS PLAN AGREEMENT), RIGHTS BENEFICIALLY OWNED BY AN ACQUIRING PERSON OR CERTAIN RELATED PARTIES, OR TRANSFEREES OF AN ACQUIRING PERSON OR CERTAIN RELATED PARTIES, MAY BECOME VOID.

Rights Certificate

This certifies that _____, is the registered holder of the number of Rights set forth above, each of which entitles the registered holder thereof, subject to the terms, provisions and conditions of the Shareholder Rights Plan Agreement, dated as of May 31, 2019, as the same may be amended, supplemented and/or restated from time to time (the **"Shareholder Rights Agreement"**), between Harborside Inc., a corporation existing under the laws of the Province of Ontario (the **"Corporation"**) and Odyssey Trust Company, a trust company incorporated under the laws of Alberta (the **"Rights Agent"**) (which term shall include any successor rights agent under the Shareholder Rights Agreement), to purchase from the Corporation at any time after the Separation Time (as such term is defined in the Shareholder Rights Agreement) and prior to the Expiration Time (as such term is defined in the Shareholder Rights Agreement), one fully paid Subordinate Voting Share in the capital of the Corporation (a **"Subordinate Voting Share"**) at the Exercise Price referred to below, upon presentation and surrender of this Rights Certificate with the Form of Election to Exercise (in the form provided hereinafter) duly executed and submitted to the Rights Agent at its principal office in Toronto, Ontario. The Exercise Price shall be an amount equal to three times the Market Price per Right and shall be subject to adjustment in certain events as provided in the Shareholder Rights Agreement.

This Rights Certificate is subject to all of the terms and provisions of the Shareholder Rights Agreement, which terms and provisions are incorporated herein by reference and made a part hereof and to which Shareholder Rights Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Rights Agent, the Corporation and the holders of the Rights Certificates. Copies of the Shareholder Rights Agreement are on file at the registered office of the Corporation.

This Rights Certificate, with or without other Rights Certificates, upon surrender at any of the offices of the Rights Agent designated for such purpose, may be exchanged for another Rights Certificate or Rights Certificates of like tenor and date evidencing an aggregate number of Rights equal to the aggregate number of Rights evidenced by the Rights Certificate or Rights Certificates surrendered. If this Rights Certificate shall be exercised in part, the registered holder shall be entitled to receive, upon surrender hereof, another Rights Certificate or Rights Certificates for the number of whole Rights not exercised.

No holder of this Rights Certificate, as such, shall be entitled to vote or receive dividends or be deemed for any purpose the holder of Subordinate Voting Shares or of any other securities which may at any time be issuable upon the exercise hereof, nor shall anything contained in the Shareholder Rights Agreement or herein be construed to confer upon the holder hereof, as such, any of the rights of a Shareholder or any right to vote for the election of directors or upon any matter submitted to Shareholders at any meeting thereof, or to give or withhold consent to any action by the Corporation, or to receive notice of meetings or other actions affecting Shareholders (except as provided in the Shareholder Rights Agreement), or to receive dividends or subscription rights, or otherwise, until the Rights evidenced by this Rights Certificate shall have been exercised as provided in the Shareholder Rights Agreement.

This Rights Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by the Rights Agent.

WITNESS the facsimile signature of the proper officers of the Corporation.

Date: _____

HARBORSIDE INC.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

Countersigned:

ODYSSEY TRUST COMPANY

By: _____
Authorized Signature

Date of countersignature: _____

FORM OF ASSIGNMENT

(To be executed by the registered holder if such holder desires to transfer the Rights Certificate.)

FOR VALUE RECEIVED _____ hereby sells, assigns and transfers unto _____
_____

(Please print name and address of transferee.)

the Rights represented by this Rights Certificate, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint _____, as attorney, to transfer the within Rights on the books of the Corporation, with full power of substitution.

Dated: _____

Signature Guaranteed:

Signature
(Signature must correspond to name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever.)

Signature must be guaranteed by a Canadian Schedule I chartered bank, a licensed trust company in Canada, a member of the Securities Transfer Association Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP).

CERTIFICATE

(To be completed if true)

The undersigned party transferring Rights hereunder, hereby represents, for the benefit of all holders of Rights and Subordinate Voting Shares, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof or a Person acting jointly or in concert with an Acquiring Person or an Affiliate or Associate thereof Capitalized terms shall have the meaning ascribed thereto in the Shareholder Rights Agreement.

_____

Signature

_____

(To be attached to each Rights Certificate.)
FORM OF ELECTION TO EXERCISE

(To be exercised by the registered holder if such holder desires to exercise the Rights Certificate.)

TO: _____

The undersigned hereby irrevocably elects to exercise _____ whole Rights represented by the attached Rights Certificate to purchase the Subordinate Voting Shares or other securities, if applicable, issuable upon the exercise of such Rights and requests that certificates for such securities be issued in the name of:

_____
(Name)

_____
(Address)

_____
(City and Province)

_____
Social Insurance Number or other taxpayer identification number.

If such number of Rights shall not be all the Rights evidenced by this Rights Certificate, a new Rights Certificate for the balance of such Rights shall be registered in the name of and delivered to:

_____
(Name)

_____
(Address)

_____
(City and Province)

_____
Social Insurance Number or other taxpayer identification number.

Dated: _____

Signature Guaranteed:

Signature
(Signature must correspond to name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever.)

Signature must be guaranteed by a Canadian Schedule 1 chartered bank, a Canadian trust company, a member of a recognized stock exchange or a member of the Securities Transfer Association Medallion Program (STAMP).

CERTIFICATE

(To be completed if true.)

The undersigned party exercising Rights hereunder, hereby represents, for the benefit of all holders of Rights and Subordinate Voting Shares, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof or a Person acting jointly or in concert with an Acquiring Person or an Affiliate or Associate thereof Capitalized terms shall have the meaning ascribed thereto in the Shareholder Rights Agreement.

_____

Signature

(To be attached to each Rights Certificate.)

NOTICE

In the event the certification set forth above in the Forms of Assignment and Election is not completed, the Corporation will deem the Beneficial Owner of the Rights evidenced by this Rights Certificate to be an Acquiring Person or an Affiliate or Associate thereof. No Rights Certificates shall be issued in exchange for a Rights Certificate owned or deemed to have been owned by an Acquiring Person or an Affiliate or Associate thereof, or by a Person acting jointly or in concert with an Acquiring Person or an Affiliate or Associate thereof.

APPENDIX R
AMENDED AND RESTATED ARTICLES

(see attached)

5. *Continued*

1 by decreasing the authorized capital of the Corporation by cancelling all of the Special Shares, issuable in series, including the following series of Special Shares:

(i) 45,000,000 Series A Special shares;

(ii) 12,000,000 Series B Special shares; and

(iii) 15,000,000 Series C Special shares.

2 after giving effect to the foregoing, by deleting paragraph 9 of the Articles in its entirety and replacing it with the following:

(i) "an unlimited number of shares of a class to be designated as Subordinate Voting Shares; and

(ii) an unlimited number of shares of a class to be designated as Multiple Voting Shares."

3 by deleting the rights, privileges, restrictions and conditions set out in Paragraph 10 of the Articles of the Corporation in its entirety and replacing it with the following:

A. SUBORDINATE VOTING SHARES

The Subordinate Voting Shares shall have the following rights, privileges, restrictions and conditions attached thereto:

1. **VOTING RIGHTS**

1.1 **Voting Rights**

Holders of Subordinate Voting Shares shall be entitled to notice of and to attend at any meeting of the shareholders of the Corporation, except a meeting of which only holders of another particular class or series of shares of the Corporation shall have the right to vote. At each such meeting, holders of Subordinate Voting Shares shall be entitled to one vote in respect of each Subordinate Voting Share held.

1.2 **Alteration to Rights of Subordinate Voting Shares.**

As long as any Subordinate Voting Shares remain outstanding, the Corporation will not, without the consent of the holders of the Subordinate Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Subordinate Voting Shares.

2. **DIVIDENDS**

Holders of Subordinate Voting Shares shall be entitled to receive, as and when declared by the directors, dividends in cash or property of the Corporation. No dividend will be declared or paid on the Subordinate Voting Shares unless the Corporation simultaneously declares or pays,

5. *Continued*

as applicable, equivalent dividends (on an as-converted to Subordinate Voting Share basis) on the Multiple Voting Shares. In the event of the payment of a dividend in the form of shares, holders of Subordinate Voting Shares shall receive Subordinate Voting Shares, unless otherwise determined by the Board of Directors of the Corporation.

3. LIQUIDATION, DISSOLUTION OR WINDING-UP

In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of Subordinate Voting Shares shall, subject to the prior rights of the holders of any shares of the Corporation ranking in priority to the Subordinate Voting Shares, be entitled to participate rateably along with all other holders of Multiple Voting Shares (on an as-converted to Subordinate Voting Share basis) and Subordinate Voting Shares.

4. RIGHTS TO SUBSCRIBE; PRE-EMPTIVE RIGHTS

The holders of Subordinate Voting Shares are not entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, or bonds, debentures or other securities of the Corporation now or in the future.

5. SUBDIVISION OR CONSOLIDATION

No subdivision or consolidation of the Subordinate Voting Shares or Multiple Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares and Multiple Voting Shares are subdivided or consolidated in the same manner or such other adjustment is made so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes. Subject to Section 6 immediately below, the Subordinate Voting Shares cannot be converted into any other class of shares.

6. CONVERSION OF SUBORDINATE VOTING SHARES UPON AN OFFER

In the event that an offer is made to purchase Multiple Voting Shares:

(i) if there is a published market for the Multiple Voting Shares, the offer is one which is required to be made to all or substantially all the holders of Multiple Voting Shares in a province or territory of Canada to which the requirement applies pursuant to (x) applicable securities legislation or (y) the rules of any stock exchange on which the Multiple Voting Shares of the Corporation are listed, unless an identical offer concurrently is made to purchase Subordinate Voting Shares; or

(ii) if the Multiple Voting Shares are not then listed, the offer is one which would have been required to be made to all or substantially all the holders of Multiple Voting Shares in a province or territory of Canada pursuant to (x) applicable securities legislation or (y) the rules of any stock exchange had the Multiple Voting Shares been listed,

5. *Continued*

then each Subordinate Voting Share shall become convertible at the option of the holder into Multiple Voting Shares at the inverse of the Conversion Ratio (as defined in Section 5.1(i) of paragraph C, then in effect, at any time while the offer is in effect until one day after the time prescribed by applicable securities legislation for the offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right may only be exercised in respect of Subordinate Voting Shares for the purpose of depositing the resulting Multiple Voting Shares under the offer, and for no other reason. In such event, the Corporation shall deposit or cause the transfer agent for the Subordinated Voting Shares to deposit under the offer the resulting Multiple Voting Shares, on behalf of the holder. To exercise such conversion right, the holder or his or its attorney duly authorized in writing shall:

(i) give written notice to the transfer agent of the exercise of such right, and of the number of Subordinate Voting Shares in respect of which the right is being exercised;

(ii) deliver to the transfer agent the share certificate or certificates representing the Subordinate Voting Shares in respect of which the right is being exercised, if applicable; and pay any applicable stamp tax or similar duty on or in respect of such conversion.

(iii) no share certificates representing the Multiple Voting Shares, resulting from the conversion of the Subordinate Voting Shares will be delivered to the holders on whose behalf such deposit is being made. If Multiple Voting Shares, resulting from the conversion and deposited pursuant to the offer, are withdrawn by the holder or are not taken up by the offeror, or the offer is abandoned, withdrawn or terminated by the offeror or the offer otherwise expires without such Multiple Voting Shares being taken up and paid for, the Multiple Voting Shares resulting from the conversion will be re-converted into Subordinate Voting Shares at the then Conversion Ratio and the Corporation shall send or cause the transfer agent to send to the holder a share certificate representing the Subordinate Voting Shares. In the event that the offeror takes up and pays for the Multiple Voting Shares resulting from conversion, the Corporation shall cause the transfer agent to deliver to the holders thereof the consideration paid for such shares by the offeror.

B. MULTIPLE VOTING SHARES

1. VOTING RIGHTS

1.1 Voting Rights

Holders of Multiple Voting Shares shall be entitled to notice of and to attend at any meeting of the shareholders of the Corporation, except a meeting of which only holders of another particular class or series of shares of the Corporation shall have the right to vote. At each such meeting, holders of Multiple Voting Shares will be entitled to one vote in respect of each Subordinate Voting Share into which such Multiple Voting Share could ultimately then be

5. *Continued*

converted, which for greater certainty, shall initially equal 100 votes per Multiple Voting Share.

1.2 **Alteration to Rights of Multiple Voting Shares**

As long as any Multiple Voting Shares remain outstanding, the Corporation will not, without the consent of the holders of the Multiple Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Multiple Voting Shares. Consent of the holders of a majority of the outstanding Multiple Voting Shares shall be required for any action that authorizes or creates shares of any class having preferences superior to or on a parity with the Multiple Voting Shares. In connection with the exercise of the voting rights contained in this Section 1.2, each holder of Multiple Voting Shares will have one vote in respect of each Multiple Voting Share held.

2. **DIVIDENDS**

Holders of Multiple Voting Shares shall have the right to receive dividends, out of any cash or other assets legally available therefor, *pari passu* (on an as converted to Subordinated Voting Share basis, assuming conversion of all Multiple Voting Shares into Subordinate Voting Shares at the Conversion Ratio as to dividends and any declaration or payment of any dividend on the Subordinate Voting Shares. No dividend will be declared or paid on the Multiple Voting Shares unless the Corporation simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Subordinate Voting Share basis) on the Subordinate Voting Shares. In the event of the payment of a dividend in the form of shares, holders of Multiple Voting Shares shall receive Multiple Voting Shares, unless otherwise determined by the Board of Directors of the Corporation.

3. **LIQUIDATION, DISSOLUTION OR WINDING-UP**

In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of Multiple Voting Shares will, subject to the prior rights of the holders of any shares of the Corporation ranking in priority to the Multiple Voting Shares, be entitled to participate rateably along with all other holders of Multiple Voting Shares (on an as-converted to Subordinate Voting Share basis) and Subordinate Voting Shares.

4. **RIGHTS TO SUBSCRIBE; PRE-EMPTIVE RIGHTS**

The holders of Multiple Voting Shares are not entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, or bonds, debentures or other securities of the Corporation now or in the future.

5. **CONVERSION**

5.1 Subject to the Conversion Restrictions set forth in this Section 5, holders of Multiple Voting Shares shall have conversion rights as follows (the "**Conversion Rights**"):

5. *Continued*

(i) **Right to Convert.** Each Multiple Voting Share shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share at the office of the Corporation or any transfer agent for such shares, into fully paid and non-assessable Subordinate Voting Shares as is determined by multiplying the number of Multiple Voting Shares by the Conversion Ratio applicable to such share, determined as hereafter provided, in effect on the date the Multiple Voting Share is surrendered for conversion. The initial "**Conversion Ratio**" for shares of Multiple Voting Shares shall be 100 Subordinate Voting Shares for each Multiple Voting Share; provided, however, that the Conversion Ratio shall be subject to adjustment as set forth in Sections 6 and 7 hereof.

(ii) **Conversion Limitations**. Before any holder of Multiple Voting Shares shall be entitled to convert the same into Subordinate Voting Shares, the Board of Directors (or a committee thereof) shall designate an officer of the Corporation (the "**Conversion Limitation Officer**") to determine if any Conversion Limitation set forth in Section 5.1(iii) ~~or 5.1(vi)~~ hereof shall apply to the conversion of Multiple Voting Shares.

(iii) **Foreign Private Issuer Protection Limitation**: The Corporation will use commercially reasonable efforts to maintain its status as a "**foreign private issuer**" (as determined in accordance with Rule 3b-4 under the *Securities Exchange Act of 1934*, as amended (the "**Exchange Act**"). Accordingly, subject to the discretion of the Board of Directors to waive or amend this restriction, the Corporation shall not affect any voluntary conversion of Multiple Voting Shares, and the holders of Multiple Voting Shares shall not have the right to elect to convert any portion of the Multiple Voting Shares, pursuant to this Section 5.1 (iii) or otherwise, to the extent that after giving effect to all permitted issuances after such conversions of Multiple Voting Shares, the aggregate number of Subordinate Voting Shares and Multiple Voting Shares held of record, directly or indirectly, by residents of the United States (as determined in accordance with Rules 3b-4 and 12g3-2(a) under the Exchange Act ("**U.S. Residents**")) would exceed forty percent (40%) (the "**40% Threshold**") of the aggregate number of Subordinate Voting Shares and Multiple Voting Shares issued and outstanding after giving effect to such conversions (the "**FPI Protective Restriction**"). ~~The Board may by resolution increase the 40% Threshold to an amount not to exceed 50% and in the event of any such increase all references to the 40% Threshold herein, shall refer instead to the amended threshold set by such resolution.~~

(iv) **Conversion Limitations.** In order to effect the FPI Protective Restriction, each holder of Multiple Voting Shares will be subject to the 40% Threshold based on the number of Multiple Voting Shares held by such holder as of the date of the initial issuance of the Multiple Voting

5. *Continued*

Shares and thereafter at the end of each of the Corporation's subsequent fiscal quarters (each, a "**Determination Date**"), calculated as follows:

X = [(A x 0.4) - B] x (C/D)

Where on the Determination Date:

X = Maximum number of Subordinate Voting Shares available for issue upon conversion of Multiple Voting Shares by a holder.

A = The number of Subordinate Voting Shares and Multiple Voting Shares issued and outstanding on the Determination Date.

B = Aggregate number of Subordinate Voting Shares and Multiple Voting Shares held of record, directly or indirectly, by U.S. Residents on the Determination Date.

C = Aggregate number of Multiple Voting Shares held by holder on the Determination Date.

D = Aggregate number of all Multiple Voting Shares on the Determination Date.

~~For purposes of this Section 5.1 (iv), the Board of Directors (or a committee thereof) shall designate an officer of the Corporation to~~

The Conversion Limitation Officer shall determine as of each Determination Date~~: (A) the 40% Threshold and (B) the FPI Protective Restriction. Within thirty (30) days of the end of each Determination Date (a "**Notice of Conversion Limitation**")~~, in his or her sole discretion acting reasonably, the aggregate number of Subordinate Voting Shares and Multiple Voting Shares held of record, directly or indirectly, by U.S. Residents, the maximum number of Subordinate Voting Shares which may be issued upon exercise of the Conversion Rights generally in accordance with the formula set forth immediately above. Upon request by a holder of Multiple Voting Shares, the Corporation will provide each holder of ~~record a~~Multiple Voting Shares with notice of ~~the FPI Protective Restriction and the impact the FPI Protective Restriction has on the ability of each holder to exercise the right to convert Multiple Voting Shares held by the holder~~such maximum number as at the most recent Determination Date, or a more recent date as may be determined by the Conversion Limitation Officer in its discretion. To the extent that ~~requests for conversion~~issuances of ~~Multiple~~Subordinate Voting Shares ~~subject to the FPI Protective Restriction~~on exercise of the Conversion Rights would result in the 40% Threshold being exceeded, the number of ~~such Multiple~~Subordinate Voting Shares ~~eligible for conversion held by a particular holder shall be prorated relative to the number~~to be issued will be pro-rated among each

5. *Continued*

holder of Multiple Voting Shares ~~submitted for conversion. To the extent that~~exercising the Conversion Rights.

Notwithstanding Section 5.1(iv) and 5.1(v), the Board of Directors may by resolution waive the application of the FPI Protective Restriction ~~contained in this Section 5.1 (iv) applies, the determination of whether Multiple Voting Shares are convertible shall be~~to any exercise or exercises of the Conversion Rights to which the FPI Protective Restriction would otherwise apply, or to future Conversion Rights generally, including with respect to a period of time, if the directors determine that the exercise of such Conversion Rights is in the ~~sole discretion~~best interests of the Corporation.

(v) ~~**Mandatory Conversion.** Notwithstanding Section 5.1 (iii), the Corporation may require each holder of Multiple Voting Shares to convert all, and not less than all, the Multiple Voting Shares at the applicable Conversion Ratio (a "**Mandatory Conversion**") if at any time all the following conditions are satisfied (or otherwise waived by special resolution of holders of Multiple Voting Shares):~~**Mandatory Conversion.** The Board of Directors may at any time determine by resolution (a "**Mandatory Conversion Resolution**") that it is no longer in the best interests of the Corporation that the Multiple Voting Shares are maintained as a separate class of shares of the Corporation. If a Mandatory Conversion Resolution is adopted, then all issued and outstanding Multiple Voting Shares will automatically, without any action on the part of the holder, be converted into Subordinate Voting Shares on the basis of one (1) Multiple Voting Share for one hundred (100) Subordinate Voting Shares, and in the case of fractions of Multiple Voting Shares, such number of Subordinate Voting Shares as is determined by multiplying the fraction by one hundred (100) (subject to adjustment as set forth in Sections 6 and 7) as of a date to be specified in the Mandatory Conversion Resolution (the "**Mandatory Conversion Record Date**"). At least twenty (20) calendar days prior to the Mandatory Conversion Record Date, the Corporation will send, or cause its transfer agent to send, notice to all holders of Multiple Voting Shares of the adoption of a Mandatory Conversion Resolution (a "**Mandatory Conversion Notice**") and specifying the Mandatory Conversion Record Date, the number of Subordinate Voting Shares into which the Multiple Voting Shares held by such holder are to be converted, and the address of record of such holder.

~~(1) the Subordinate Voting Shares issuable upon conversion of all the Multiple Voting Shares are registered for resale and may be sold by the holder thereof pursuant to an effective registration statement and/or prospectus covering the Subordinate Voting Shares under the *United States Securities Act of 1933*, as amended (the "**U.S. Securities Act**");~~

5. *Continued*

~~(2) the Corporation is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act; and~~

~~(3) the Subordinate Voting Shares are listed or quoted (and are not suspended from trading) on a recognized North American stock exchange or by way of reverse takeover transaction on the Toronto Stock Exchange, the TSX Venture Exchange, the Canadian Securities Exchange or Aequitas NEO Exchange (or any other stock exchange recognized as such by the Ontario Securities Commission).~~

~~The Corporation will issue or cause its transfer agent to issue each holder of Multiple Voting Shares of record a notice of Mandatory Conversion at least 20 days prior to the record date of the Mandatory Conversion, which shall specify therein, (i) the number of Subordinate Voting Shares into which the Multiple Voting Shares are convertible and (ii) the address of record for such holder.~~

On the ~~record date of a~~ Mandatory Conversion Record Date, the Corporation ~~will~~shall issue or shall cause its transfer agent to issue to each holder of ~~record on the Mandatory Conversion Date~~Multiple Voting Shares, certificates or other evidence representing the number of Subordinate Voting Shares into which the Multiple Voting Shares are ~~so~~ converted, and each certificate or other evidence representing the Multiple Voting Shares shall be null and void. From the date of the Mandatory Conversion Resolution, the Board of Directors shall no longer be entitled to issue any further Multiple Voting Shares whatsoever.

~~(vi) **Beneficial Ownership Restriction.** The Corporation shall not affect any conversion of Multiple Voting Shares, and a holder thereof shall not have the right to convert any portion of its Multiple Voting Shares, pursuant to this Section 5.1(vi) or otherwise, to the extent that after giving effect to such issuance after conversion as set forth on the applicable Conversion Notice, the holder (together with the holder's affiliates (each, an "**Affiliate**" as defined in Rule 12b-2 under the Exchange Act), and any other persons acting as a group together with the holder or any of the holder's Affiliates), would beneficially own in excess of 9.99% of the number of the Subordinate Voting Shares outstanding immediately after giving effect to the issuance of Subordinate Voting Shares issuable upon conversion of the Multiple Voting Shares subject to the Conversion Notice (the "**Beneficial Ownership Limitation**").~~

~~For purposes of the foregoing sentence, the number of Subordinate Voting Shares beneficially owned by the holder and its Affiliates shall include the number of Subordinate Voting Shares issuable upon conversion of Multiple Voting Shares with respect to which such~~

5. *Continued*

~~determination is being made, but shall exclude the number of Subordinate Voting Shares which would be issuable upon (i) conversion of the remaining, non-converted portion of Multiple Voting Shares beneficially owned by the holder or any of its Affiliates and (ii) exercise or conversion of the unexercised or non-converted portion of any other securities of the Corporation subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the holder or any of its Affiliates. In any case, the number of outstanding Subordinate Voting Shares shall be determined after giving effect to the conversion or exercise of securities of the Corporation, including Multiple Voting Shares subject to the Conversion Notice, by the holder or its Affiliates since the date as of which such number of outstanding Subordinate Voting Shares was reported. Except as set forth in the preceding sentence, for purposes of this Section 5.1 (vi), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder based on information provided by the shareholder to the Corporation in the Conversion Notice.~~

~~To the extent that the limitation contained in this Section 5.1(vi) applies and the Corporation can convert some, but not all, of such Multiple Voting Shares submitted for conversion, the Corporation shall convert Multiple Voting Shares up to the Beneficial Ownership Limitation in effect, based on the number of Multiple Voting Shares submitted for conversion on such date. The determination of whether Multiple Voting Shares are convertible (in relation to other securities owned by the holder together with any Affiliates) and of which Multiple Voting Shares are convertible shall be in the sole discretion of the Corporation, and the submission of a Conversion Notice shall be deemed to be the holder's certification as to the holder's beneficial ownership of Subordinate Voting Shares of the Corporation, and the Corporation shall have the right, but not the obligation, to verify or confirm the accuracy of such beneficial ownership.~~

~~The holder, upon notice to the Corporation, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 5.1(vi), provided that the Beneficial Ownership Limitation in no event exceeds 19.99% of the number of the Subordinate Voting Shares outstanding immediately after giving effect to the issuance of Subordinate Voting Shares upon conversion of Multiple Voting Shares subject to the Conversion Notice and the provisions of this Section 5.1(vi) shall continue to apply. Any increase in the Beneficial Ownership Limitation will not be effective until the 61st day after such notice is delivered to the Corporation. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 5.1(vi) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes~~

5. *Continued*

~~or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of Multiple Voting Shares.~~

(vi) ~~(vii)~~ **Disputes**. In the event of a dispute as to the number of Subordinate Voting Shares issuable to a Holder in connection with a conversion of Multiple Voting Shares, the Corporation shall issue to the Holder the number of Subordinate Voting Shares not in dispute and resolve such dispute in accordance with Section 11 hereof.

(vii) ~~(viii)~~ **Mechanics of Conversion**. Before any holder of Multiple Voting Shares shall be entitled to convert Multiple Voting Shares into Subordinate Voting Shares, pursuant to Section 5.1(i), the holder thereof shall surrender the certificate or certificates therefor (if any), duly endorsed, at the office of the Corporation or of any transfer agent for Subordinate Voting Shares or the equivalent in any non-certificated inventory system (such as, for example, a Direct Registration System) administered by any applicable depository or transfer agent of the Corporation, and shall give written notice to the Corporation at its principal corporate office, of the election to convert the same (each, a "**Conversion Notice**") and the Subordinate Voting Shares resulting therefrom shall be registered in the name of the registered holder of the Multiple Voting Shares converted or, subject to payment by the registered holder of any stock transfer or applicable taxes and compliance with any other reasonable requirements of the Corporation in respect of such transfer, in such name or names as such registered holder may direct in writing. Upon receipt of such notice and certificate or certificates and, as applicable, compliance with such other requirements, the Corporation shall (or shall cause its transfer agent to), at its expense, as soon as practicable thereafter, remove or cause the removal of such holder from the register of holders in respect of the Multiple Voting Shares for which the conversion right is being exercised, add the holder (or any person or persons in whose name or names such converting holder shall have directed the resulting Subordinate Voting Shares to be registered) to the securities register of holders in respect of the resulting Subordinate Voting Shares, cancel or cause the cancellation of the certificate or certificates representing such Multiple Voting Shares and issue and deliver at such office to such holder, or to the nominee or nominees of such holder, a certificate or certificates or the equivalent in any non-certificated inventory system (such as, for example, a Direct Registration System) administered by any applicable depository or transfer agent of the Corporation, representing the Subordinate Voting Shares issued upon the conversion of such Multiple Voting Shares. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the Multiple Voting Shares to be converted, and the person or persons entitled to receive the Subordinate Voting Shares issuable upon such conversion shall be treated for all purposes as the

5. *Continued*

record holder or holders of such Subordinate Voting Shares as of such date. If less than all of the Multiple Voting Shares represented by any certificate are to be converted, the holder shall be entitled to receive a new certificate representing the Multiple Voting Shares represented by the original certificate which are not to be converted. A Multiple Voting Share that is converted into Subordinate Voting Shares as provided for in this Section 5.1(~~viii~~vii) will automatically be cancelled.

6. ADJUSTMENTS FOR DISTRIBUTIONS

In the event the Corporation shall declare a distribution to holders of Subordinate Voting Shares payable in securities of other persons, evidences of indebtedness issued by the Corporation or other persons, assets (excluding cash dividends) or options or rights not otherwise causing adjustment to the Conversion Ratio (a "**Distribution**"), then, in each such case for the purpose of this Section 6, the holders of Multiple Voting Shares shall be entitled to a proportionate share of any such Distribution as though they were the holders of the number of Subordinate Voting Shares into which their Multiple Voting Shares are convertible as of the record date fixed for the determination of the holders of Subordinate Voting Shares entitled to receive such Distribution.

7. RECAPITALIZATIONS; STOCK SPLITS

If at any time or from time-to-time, the Corporation shall (i) effect a recapitalization of the Subordinate Voting Shares; (ii) issue Subordinate Voting Shares as a dividend or other distribution on outstanding Subordinate Voting Shares; (iii) subdivide the outstanding Subordinate Voting Shares into a greater number of Subordinate Voting Shares; (iv) consolidate the outstanding Subordinate Voting Shares into a smaller number of Subordinate Voting Shares; or (v) effect any similar transaction or action (each, a "**Recapitalization**"), provision shall be made so that the holders of Multiple Voting Shares shall thereafter be entitled to receive, upon conversion of Multiple Voting Shares, the number of Subordinate Voting Shares or other securities or property of the Corporation or otherwise, to which a holder of Subordinate Voting Shares deliverable upon conversion would have been entitled on such Recapitalization. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 7 with respect to the rights of the holders of Multiple Voting Shares after the Recapitalization to the end that the provisions of this Section 7 (including adjustment of the Conversion Ratio then in effect and the number of Multiple Voting Shares issuable upon conversion of Multiple Voting Shares) shall be applicable after that event as nearly equivalent as may be practicable.

8. NO FRACTIONAL SHARES AND CERTIFICATE AS TO ADJUSTMENTS

No fractional Subordinate Voting Shares shall be issued upon the conversion of any Multiple Voting Shares and the number of Subordinate Voting Shares to be issued shall be rounded down to the nearest whole Subordinate Voting Share. Whether or not fractional Subordinate Voting Shares are issuable upon such conversion shall be determined on the basis of the total number of Multiple Voting Shares the holder is at the time converting into Subordinate Voting Shares and the number of Subordinate Voting Shares issuable upon such aggregate conversion.

5. *Continued*

9. ADJUSTMENT NOTICE

Upon the occurrence of each adjustment or readjustment of the Conversion Ratio pursuant to this Section 9, the Corporation, at its expense, shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Multiple Voting Shares a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request at any time of any holder of Multiple Voting Shares, furnish or cause to be furnished to such holder a like certificate setting forth (A) such adjustment and readjustment, (B) the Conversion Ratio for Multiple Voting Shares at the time in effect, and (C) the number of Subordinate Voting Shares and the amount, if any, of other property which at the time would be received upon the conversion of a Multiple Voting Share.

10. EFFECT OF CONVERSION

All Multiple Voting Shares which shall have been surrendered for conversion as herein provided shall no longer be deemed to be outstanding and all rights with respect to such shares shall immediately cease and terminate at the time of conversion (the "**Conversion Time**"), except only the right of the holders thereof to receive Subordinate Voting Shares in exchange therefor and to receive payment in lieu of any fraction of a share otherwise issuable upon such conversion.

11. ~~DISPUTES~~DISPUTE RESOLUTION

Any holder of Multiple Voting Shares that beneficially owns more than 5% of the issued and outstanding Multiple Voting Shares may submit a written dispute as to the determination of the Conversion Ratio or the arithmetic calculation of the Conversion Ratio (as defined herein), the 40% Threshold, or the FPI Protective Restriction ~~or the Beneficial Ownership Limitation~~ (each as defined in the terms of Multiple Voting Shares) by the Corporation to the Board of Directors with the basis for the disputed determinations or arithmetic calculations. The Corporation shall respond to the holder within five (5) business days of receipt, or deemed receipt, of the dispute notice with a written calculation of the Conversion Ratio, the 40% Threshold, or the FPI Protective Restriction ~~or the Beneficial Ownership Limitation~~, as applicable. If the holder and the Corporation are unable to agree upon such determination or calculation of the Conversion Ratio, the 40% Threshold, or the FPI Protective Restriction ~~or the Beneficial Ownership Limitation~~, as applicable, within five (5) business days of such response, then the Corporation and the holder shall, within one (1) business day thereafter, submit the disputed arithmetic calculation of the Conversion Ratio, the 40% Threshold, or the FPI Protective Restriction ~~or the Beneficial Ownership Limitation~~, as applicable, to the Corporation's independent, outside accountant. The Corporation, at the Corporation's expense, shall cause the accountant to perform the determinations or calculations and notify the Corporation and the holder of the results no later than five (5) business days from the time it receives the disputed determinations or calculations. Such accountant's determination or calculation, as the case may be, shall be binding upon all parties absent demonstrable error.

12. CONVERSION OF MULTIPLE VOTING SHARES UPON AN OFFER

5. *Continued*

In addition to the conversion rights set out in Section 5, in the event that an offer is made to purchase Subordinate Voting Shares:

(i) if there is a published market for the Subordinate Voting Shares, the offer is one which is required to be made to all or substantially all the holders of Subordinate Voting Shares in a province or territory of Canada to which the requirement applies pursuant to (x) applicable securities legislation or (y) the rules of any stock exchange on which the Subordinate Voting Shares of the Corporation are listed, unless an identical offer concurrently is made to purchase Subordinate Voting Shares; or

(ii) if the Subordinate Voting Shares are not then listed, the offer is one which would have been required to be made to all or substantially all the holders of Subordinate Voting Shares in a province or territory of Canada pursuant to (x) applicable securities legislation or (y) the rules of any stock exchange had the Subordinate Voting Shares been listed,

then each Multiple Voting Share shall become convertible at the option of the holder into Subordinate Voting Shares at the Conversion Ratio then in effect, at any time while the offer is in effect until one day after the time prescribed by applicable securities legislation for the offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right in this Section 12 may only be exercised in respect of Multiple Voting Shares for the purpose of depositing the resulting Subordinate Voting Shares under the offer, and for no other reason. In such event, the Corporation shall or shall cause its transfer agent for the Subordinate Voting Shares to deposit under the offer the resulting Subordinate Voting Shares, on behalf of the holder.

To exercise such conversion right, the holder or his or its attorney duly authorized in writing shall:

(i) give written notice to the transfer agent of the exercise of such right, and of the number of Multiple Voting Shares in respect of which the right is being exercised;

(ii) deliver to the transfer agent the share certificate or certificates representing the Multiple Voting Shares in respect of which the right is being exercised, if applicable; and

(iii) pay any applicable stamp tax or similar duty on or in respect of such conversion. No share certificates representing the Subordinate Voting Shares, resulting from the conversion of the Multiple Voting Shares will be delivered to the holders on whose behalf such deposit is being made. If Subordinate Voting Shares, resulting from the conversion and deposited pursuant to the offer, are withdrawn by the holder or are not taken up by the offeror, or the offer is abandoned, withdrawn or terminated by the offeror or the offer otherwise expires without such Subordinate Voting Shares being taken up and paid for, the Subordinate Voting Shares resulting from the conversion will be re-converted into

5. *Continued*

Multiple Voting Shares at the inverse of Conversion Ratio then in effect and the Corporation shall send, or cause its transfer agent to send, to the holder a share certificate representing the Multiple Voting Shares. In the event that the offeror takes up and pays for the Subordinate Voting Shares resulting from conversion, the Corporation shall or shall cause its transfer agent to deliver to the holders thereof the consideration paid for such shares by the offeror.

13. NOTICES OF RECORD DATE

Except as otherwise provided under applicable law, in the event of any taking by the Corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (other than a cash dividend) or other distribution, any right to subscribe for, purchase or otherwise acquire any shares of any class or any other securities or property, or to receive any other right, the Corporation shall mail to each holder of Multiple Voting Shares, at least 20 days prior to the date specified therein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend, distribution or right, and the amount and character of such dividend, distribution or right.

14. REDEMPTION OF SHARES

14.1 For the purposes of this Section 14, the following terms will have the meaning specified below:

(i) "**Board**" means the board of directors of the Corporation.

(ii) "**Business**" means the conduct of any activities relating to the cultivation, manufacturing, distribution and dispensing of cannabis and cannabis - derived products in the United States, which include the owning and operating of cannabis licenses.

(iii) "**Fair Market Value**" will equal: (i) the volume weighted average trading price (VWAP) of the Shares to be redeemed for the five (5) Trading Day period immediately after the date of the Redemption Notice on the Canadian Securities Exchange or other national or regional securities exchange on which such Shares are listed, or (ii) if no such quotations are available, the fair market value per share of such Shares as set forth in the Valuation Opinion.

(iv) "**Governmental Authority**" or "**Governmental Authorities**" means any United States or foreign, federal, state, county, regional, local or municipal government, any agency, administration, board, bureau, commission, department, service, or other instrumentality or political subdivision of the foregoing, and any Person with jurisdiction exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government or monetary policy (including any court or arbitration authority).

5. *Continued*

(v) "**Licenses**" means all licenses, permits, approvals, orders, authorizations, registrations, findings of suitability, franchises, exemptions, waivers and entitlements issued by a Governmental Authority required for, or relating to, the conduct of the Business.

(vi) "**Ownership**" (and derivatives thereof) means (i) ownership of record as evidenced in the Corporation's share register, (ii) "**beneficial ownership**" as defined in Section 1(1) of the *Business Corporations Act* (Ontario), or (iii) the power to exercise control or direction over a security;

(vii) "**Person**" means an individual, partnership, Corporation, limited liability company, trust or any other entity.

(viii) "**Redemption**" has the meaning ascribed thereto in Section 14.

(ix) "**Redemption Date**" means the date on which the Corporation will redeem and pay for the Shares pursuant to this Section 14. The Redemption Date will be not less than thirty (30) Trading Days following the date of the Redemption Notice unless a Governmental Authority requires that the Shares be redeemed as of an earlier date, in which case, the Redemption Date will be such earlier date and if there is an outstanding Redemption Notice, the Corporation will issue an amended Redemption Notice reflecting the new Redemption Date forthwith.

(x) "**Redemption Notice**" has the meaning ascribed thereto in this Section 14.

(xi) "**Redemption Price**" means the price per Share to be paid by the Corporation on the Redemption Date for the redemption of Shares pursuant to this Section 14 and will be equal to the Fair Market Value of a Share, unless otherwise required by any Governmental Authority;

(xii) "**Shares**" means the Subordinate Voting Shares or the Multiple Voting Shares of the Corporation.

(xiii) "**Significant Interest**" means ownership of five percent (5%) or more of all of the issued and outstanding shares of the Corporation.

(xiv) "**Subject Shareholder**" means a person, a group of persons acting in concert or a group of persons who, the Board reasonably believes, are acting jointly or in concert.

(xv) "**Trading Day**" means a day on which trades of the Shares are executed on the Canadian Securities Exchange or any national or regional securities exchange on which the Shares are listed.

5. *Continued*

(xvi) "**Unsuitable Person**" means:

(1) Any person (including a Subject Shareholder) with a Significant Interest who a Governmental Authority granting the Licenses has determined to be unsuitable to own Shares; or

(2) any person (including a Subject Shareholder) with a Significant Interest whose ownership of Shares may result in the loss, suspension or revocation (or similar action) with respect to any Licenses or in the Corporation being unable to obtain any new Licenses in the normal course, including, but not limited to, as a result of such person's failure to apply for a suitability review from or to otherwise fail to comply with the requirements of a Governmental Authority, as determined by the Board, in its sole discretion, after consultation with legal counsel and if a license application has been filed, after consultation with the applicable Governmental Authority.

(xvii) "**Valuation Opinion**" means a valuation and fairness opinion from an investment banking firm of nationally recognized standing in Canada (qualified to perform such task and which is disinterested in the contemplated redemption and has not in the then past two years provided services for a fee to the Corporation or its affiliates) or a disinterested nationally recognized accounting firm.

14.2 Subject to Section 14.5, no Subject Shareholder will acquire or dispose of a Significant Interest, directly or indirectly, in one or more transactions, without providing 15 days' advance written notice to the Corporation by mail sent to the Corporation's registered office to the attention of the Corporate Secretary.

14.3 If the Board reasonably believes that a Subject Shareholder may have failed to comply with the provisions of Section 14.2, the Corporation may apply to the Ontario Superior Court of Justice, or such other court of competent jurisdiction for an order directing that the Subject Shareholder disclose the number of Shares held.

14.5 The provisions of Sections 14.2 and 14.3 will not apply to the ownership, acquisition or disposition of Shares as a result of:

(a) any transfer of Shares occurring by operation of law including, inter alia, the transfer of Shares of the Corporation to a trustee in bankruptcy;

(b) an acquisition or proposed acquisition by one or more underwriters or portfolio managers who hold Shares for the purposes of distribution to the public or for the benefit of a third party provided that such third party is in compliance with this Section 14.5(c); or

(c) the conversion, exchange or exercise of securities of the Corporation (other than the Shares) duly issued or granted by the Corporation, into or for Shares, in accordance with their respective terms.

5. *Continued*

14.6 At the option of the Corporation, Shares owned by an Unsuitable Person may be redeemed by the Corporation (the "**Redemption**") for the Redemption Price out of funds lawfully available on the Redemption Date. Shares redeemable pursuant to this Section 14.6 will be redeemable at any time and from time to time pursuant to the terms hereof.

14.7 In the case of a Redemption, the Corporation will send a written notice to the holder of the Shares called for Redemption, which will set forth: (i) the Redemption Date, (ii) the number of Shares to be redeemed on the Redemption Date, (iii) the formula pursuant to which the Redemption Price will be determined and the manner of payment therefor, (iv) the place where such Shares (or certificate thereto, as applicable) will be surrendered for payment, duly endorsed in blank or accompanied by proper instruments of transfer, (v) a copy of the Valuation Opinion (if the Resulting Issuer is no longer listed on the Canadian Securities Exchange or another recognized securities exchange), and (vi) any other requirement of surrender of the Shares to be redeemed (the "**Redemption Notice**"). The Redemption Notice may be conditional such that the Corporation need not redeem the Shares owned by an Unsuitable Person on the Redemption Date if the Board determines, in its sole discretion, that such Redemption is no longer advisable or necessary on or before the Redemption Date. The Corporation will send a written notice confirming the amount of the Redemption Price as soon as possible following the determination of such Redemption Price.

14.8 The Corporation may pay the Redemption Price by using its existing cash resources, incurring debt, issuing additional Shares, issuing a promissory note in the name of the Unsuitable Person, or by using a combination of the foregoing sources of funding.

14.9 To the extent required by applicable laws, the Corporation may deduct and withhold any tax from the Redemption Price. To the extent any amounts are so withheld and are timely remitted to the applicable Governmental Authority, such amounts shall be treated for all purposes herein as having been paid to the Person in respect of which such deduction and withholding was made.

14.10 On and after the date the Redemption Notice is delivered, any Unsuitable Person owning Shares called for Redemption will cease to have any voting rights with respect to such Shares and on and after the Redemption Date specified therein, such holder will cease to have any rights whatsoever with respect to such Shares other than the right to receive the Redemption Price, without interest, on the Redemption Date; provided, however, that if any such Shares come to be owned solely by persons other than an Unsuitable Person (such as by transfer of such Shares to a liquidating trust, subject to the approval of any applicable Governmental Authority), such persons may exercise voting rights of such Shares and the Board may determine, in its sole discretion, not to redeem such Shares. Following any Redemption in accordance with the terms of this Section, the redeemed Shares will be cancelled.

14.11 All notices given by the Corporation to holders of Shares pursuant to this Section, including the Redemption Notice, will be in writing and will be deemed given when delivered by personal service, overnight courier or first-class mail, postage prepaid, to the holder's registered address as shown on the Corporation's share register.

5. *Continued*

14.12 The Corporation's right to redeem Shares pursuant to this Section will not be exclusive of any other right the Corporation may have or hereafter acquire under any agreement or any provision of the articles or the bylaws of the Corporation or otherwise with respect to the acquisition by the Corporation of Shares or any restrictions on holders thereof.

14.13 In connection with the conduct of its Business, the Corporation may require that a Subject Shareholder provide to one or more Governmental Authorities, if and when required, information and fingerprints for a criminal background check, individual history form(s), and other information required in connection with applications for Licenses.

14.14 In the event that any provision (or portion of a provision) of this Section 14.14 or the application thereof becomes or is declared by a court of competent jurisdiction to be illegal, void or unenforceable, the remainder of this Section (including the remainder of such provision, as applicable) will continue in full force and effect."

APPENDIX S
AMENDED AND RESTATED EQUITY INCENTIVE PLAN

(see attached)

AMENDED AND RESTATED EQUITY INCENTIVE PLAN

HARBORSIDE INC.

ADOPTED BY THE BOARD OF DIRECTORS: ~~JUNE 30~~JANUARY 17, ~~2020~~2022

Section 1. Purpose

The purpose of the Plan is to promote the interests of the Company and its shareholders by aiding the Company in attracting and retaining employees, officers, consultants, advisors and Non-Employee Directors capable of assuring the future success of the Company, to offer such persons incentives to put forth maximum efforts for the success of the Company's business and to compensate such persons through various share and cash-based arrangements and provide them with opportunities for share ownership in the Company, thereby aligning the interests of such persons with the Company's shareholders.

Section 2. Definitions

As used in the Plan, the following terms shall have the meanings set forth below:

(a) "*Affiliate*" shall mean any entity that, directly or indirectly through one or more intermediaries, is controlled by the Company within the meaning of the Business Corporations Act (Ontario).

(b) "*Award"* shall mean any Option, Share Appreciation Right, Restricted Share, Restricted Share Unit, Performance Award, Dividend Equivalent or Other Share-Based Award granted under the Plan.

(c) *"Award Agreement"* shall mean any written agreement, contract or other instrument or document evidencing an Award granted under the Plan (including a document in an electronic medium) executed in accordance with the requirements of Section 10(b).

(d) *"Board"* shall mean the Board of Directors of the Company.

(e) *"Code"* shall mean the U.S. Internal Revenue Code of 1986, as amended from time to time, and any regulations promulgated thereunder.

(f) *"Committee"* shall mean the Compensation Committee of the Board or such other committee designated by the Board to administer the Plan. The Committee shall be comprised of not less than such number of Directors as shall be required to permit Awards granted under the Plan to qualify under Rule 16b-3, and each member of the Committee shall be a "non-employee director" within the meaning of Rule 16b-3.

(g) *"Company"* shall mean Harborside Inc. (formerly Lineage Grow Company Ltd.), an Ontario corporation, and any successor corporation.

(h) *"Consultant"* means, in relation to the Company, an individual or a Consultant Company, other than an Employee, Director or Officer of the Company, that:

(i) is engaged to provide on a continuous bona fide basis, consulting, technical, management or other services to the Company or to an Affiliate of the Company, other than services provided in relation to a distribution;

(ii) provides the services under a written contract between the Company or the Affiliate and the individual or the Consultant Company;

(iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or an Affiliate of the Company; and

(iv) has a relationship with the Company or an Affiliate of the Company that enables the individual to be knowledgeable about the business and affairs of the Company.

(i) "*Consultant Company*" means for an individual Consultant, a company or partnership of which the individual is an employee, shareholder or partner.

(j) *"CSE"* means the Canadian Securities Exchange.

(k) "*Director*" shall mean a member of the Board.

(l) "*Dividend Equivalent*" shall mean any right granted under Section 6(e) of the Plan.

(m) "*Effective Date*" shall mean the date the Plan is adopted by the Board, as set forth in Section 12.

(n) "*Eligible Person*" shall mean any employee, officer, Non-Employee Director, or Consultant providing services to the Company or any Affiliate, or any such person to whom an offer of employment or engagement with the Company or any Affiliate is extended.

(o) "*Exchange Act*" shall mean the U.S. Securities Exchange Act of 1934, as amended.

(p) "*Fair Market Value*" with respect to one Share as of any date shall mean:

(a) if the Shares are listed on the CSE or any established share exchange, the price of one Share at the close of the regular trading session of such market or exchange on the last trading day prior to such date, if no sale of Shares shall have occurred on such date, on the next preceding date on which there was a sale of Shares. Notwithstanding the foregoing, in the event that the Shares are listed on the CSE, for the purposes of establishing the exercise price of any Options, the Fair Market Value shall not be lower than the greater of the closing of the market price of the Shares on the CSE on (x) the prior trading day, and (y) the date of grant of the Options;

(b) if the Shares are not so listed on the CSE or any established share exchange, the average of the closing "bid" and "ask" prices quoted by the OTC Bulletin Board, the National Quotation Bureau, or any comparable reporting service on such date or, if there are no quoted "bid" and "ask" prices on such date, on the next preceding date for which there are such quotes for a Share; or

(c) if the Shares are not publicly traded as of such date, the per share value of one Share, as determined by the Board, or any duly authorized Committee of the Board, in its sole discretion, by applying principles of valuation with respect thereto.

(q) "*Incentive Stock Option*" shall mean an option granted under Section 6(a) of the Plan that is intended to meet the requirements of Section 422 of the Code or any successor provision.

(r) "*Non-Employee Director*" shall mean a Director who is not also an employee of the Company or any Affiliate.

(s) "*Non-Qualified Stock Option*" shall mean an option granted under Section 6(a) of the Plan that is not intended to be an Incentive Stock Option.

(t) "*Option*" shall mean an Incentive Stock Option or a Non-Qualified Stock Option to purchase Shares.

(u) "*Other Share-Based Award*" shall mean any right granted under Section 6(f) of the Plan.

(v) "*Participant*" shall mean an Eligible Person designated to be granted an Award under the Plan.

(w) "*Performance Award*" shall mean any right granted under Section 6(d) of the Plan.

(x) "*Person*" shall mean any individual or entity, including a corporation, partnership, limited liability company, association, joint venture or trust.

(y) "*Plan*" shall mean ~~the Company's Share~~this Amended and Restated Equity Incentive Plan, as amended from time to time.

(z) "*Related Person*" has the meaning ascribed thereto in section 2.22 of National Instrument 45-106 *Prospectus Exempt Distributions*, which includes, without limitation, any director, an executive officer of the Company or of its any Affiliates.

(aa) "*Restricted Share*" shall mean any Share granted under Section 6(c) of the Plan.

(bb) "*Restricted Share Unit*" shall mean any unit granted under Section 6(c) of the Plan evidencing the right to receive a Share (or a cash payment equal to the Fair Market Value of a Share) at some future date, provided that in the case of Participants who are liable to taxation under the Tax Act in respect of amounts payable under this Plan, that such date shall not be later than December 31of the third calendar year following the year services were performed in respect of the corresponding Restricted Share Unit awarded.

(cc) *"Section 409A"* shall mean Section 409A of the Code, or any successor provision, and applicable Treasury Regulations and other applicable guidance thereunder.

(dd) "*Securities Act*" shall mean the U.S. Securities Act of 1933, as amended.

(ee) "*Share*" or "*Shares*" shall mean subordinate voting shares in the capital of the Company (or such other securities or property as may become subject to Awards pursuant to an adjustment made under Section 4(c) of the Plan).

(ff) *"Specified Employee"* shall mean a specified employee as defined in Section 409A(a)(2)(B) of the Code or applicable proposed or final regulations under Section 409A, determined in accordance with procedures established by the Company and applied uniformly with respect to all plans maintained by the Company that are subject to Section 409A.

(gg) "*Share Appreciation Right*" shall mean any right granted under Section 6(b) of the Plan.

(hh) "*Tax Act*" means the *Income Tax Act* (Canada).

(ii) "*U.S. Award Holder*" shall mean any holder of an Award who is a "U.S. person" (as defined in Rule 902(k) of Regulation S under the Securities Act) or who is holding or exercising Awards in the United States.

Section 3. Administration

(a) Power and Authority of the Committee. The Plan shall be administered by the Committee. Subject to the express provisions of the Plan and to applicable law, the Committee shall have full power and authority to: (i) designate Participants; (ii) determine the type or types of Awards to be granted to each Participant under the Plan; (iii) determine the number of Shares to be covered by (or the method by which payments or other rights are to be calculated in connection with) each Award; (iv) determine the terms and conditions of any Award or Award Agreement, including any terms relating to the forfeiture of any Award and the forfeiture, recapture or disgorgement of any cash, Shares or other amounts payable with respect to any Award; (v) amend the terms and conditions of any Award or Award Agreement, subject to the limitations under Section 7; (vi) accelerate the exercisability of any Award or the lapse of any restrictions relating to any Award, subject to the limitations in Section 7, (vii) determine whether, to what extent and under what circumstances Awards may be exercised in cash, Shares, other securities, other Awards or other property (excluding promissory notes), or canceled, forfeited or suspended, subject to the limitations in Section 7; (viii) determine whether, to what extent and under what circumstances amounts payable with respect to an Award under the Plan shall be deferred either automatically or at the election of the holder thereof or the Committee, subject to the requirements of Section 409A; (ix) interpret and administer the Plan and any instrument or agreement, including an Award Agreement, relating to the Plan; (x) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; (xi) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan; and (xii) adopt such modifications, rules, procedures and subplans as may be necessary or desirable to comply with provisions of the laws of the jurisdictions in which the Company or an Affiliate may operate, including, without limitation, establishing any special rules for

Affiliates, Eligible Persons or Participants located in any particular country, in order to meet the objectives of the Plan and to ensure the viability of the intended benefits of Awards granted to Participants located in such non-United States jurisdictions. Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations and other decisions under or with respect to the Plan or any Award or Award Agreement shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive and binding upon any Participant, any holder or beneficiary of any Award or Award Agreement, and any employee of the Company or any Affiliate.

(b) Delegation. The Committee may delegate to one or more officers or Directors of the Company, subject to such terms, conditions and limitations as the Committee may establish in its sole discretion, the authority to grant Awards; *provided*, *however*, that the Committee shall not delegate such authority in such a manner as would cause the Plan not to comply with applicable exchange rules or applicable corporate law.

(c) Power and Authority of the Board. Notwithstanding anything to the contrary contained herein, (i) the Board may, at any time and from time to time, without any further action of the Committee, exercise the powers and duties of the Committee under the Plan, unless the exercise of such powers and duties by the Board would cause the Plan not to comply with the requirements of all applicable securities rules and (ii) only the Committee (or another committee of the Board comprised of directors who qualify as independent directors within the meaning of the independence rules of any applicable securities exchange where the Shares are then listed) may grant Awards to Directors who are not also employees of the Company or an Affiliate.

(d) Indemnification. To the full extent permitted by law, (i) no member of the Board, the Committee or any person to whom the Committee delegates authority under the Plan shall be liable for any action or determination taken or made in good faith with respect to the Plan or any Award made under the Plan, and (ii) the members of the Board, the Committee and each person to whom the Committee delegates authority under the Plan shall be entitled to indemnification by the Company with regard to such actions and determinations. The provisions of this paragraph shall be in addition to such other rights of indemnification as a member of the Board, the Committee or any other person may have by virtue of such person's position with the Company.

Section 4. Shares Available for Awards

(a) Shares Available. Subject to adjustment as provided in Section 4(c) of the Plan, the aggregate number of Shares that may be issued under all Awards under the Plan shall be the number of Shares as determined by the Board from time to time. Notwithstanding the foregoing, the aggregate number of Shares that may be issued pursuant to awards of Incentive Stock Options shall not exceed ~~4,279,905~~23,355,026 Shares, or such lesser amount determined by the Board. The aggregate number of Shares that may be issued under all Awards under the Plan shall be reduced by Shares subject to Awards issued under the Plan in accordance with the Share counting rules described in Section 4(b) below.

(b) Counting Shares. For purposes of this Section 4, if an Award entitles the holder thereof to receive or purchase Shares, the number of Shares covered by such Award or to which such Award relates shall be counted on the date of grant of such Award against the aggregate number of Shares available for granting Awards under the Plan.

(i) Shares Added Back to Reserve. If any Shares covered by an Award or to which an Award relates are not purchased or are forfeited or are reacquired by the Company (including any Shares withheld by the Company or Shares tendered to satisfy any tax withholding obligation on Awards or Shares covered by an Award that are settled in cash), or if an Award otherwise terminates or is cancelled without delivery of any Shares, then the number of Shares counted against the aggregate number of Shares available under the Plan with respect to such Award, to the extent of any such forfeiture, reacquisition by the Company, termination or cancellation, shall again be available for granting Awards under the Plan.

(ii) Cash-Only Awards. Awards that do not entitle the holder thereof to receive or purchase Shares shall not be counted against the aggregate number of Shares available for Awards under the Plan.

(iii) Substitute Awards Relating to Acquired Entities. Shares issued under Awards granted in substitution for awards previously granted by an entity that is acquired by or merged with the Company or an Affiliate shall not be counted against the aggregate number of Shares available for Awards under the Plan.

(c) Adjustments. In the event that any dividend (other than a regular cash dividend) or other distribution (whether in the form of cash, Shares, other securities or other property), recapitalization, share split, reverse share split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company or other similar corporate transaction or event affects the Shares such that an adjustment is necessary in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust any or all of (i) the number and type of Shares (or other securities or other property) that thereafter may be made the subject of Awards, (ii) the number and type of Shares (or other securities or other property) subject to outstanding Awards, (iii) the purchase price or exercise price with respect to any Award and (iv) the limitations contained in Section 4(d) below; *provided*, *however*, that the number of Shares covered by any Award or to which such Award relates shall always be a whole number. Such adjustment shall be made by the Committee or the Board, whose determination in that respect shall be final, binding and conclusive.

(d) Additional Award Limitations. The aggregate number of Shares issuable to Related Persons pursuant to Awards granted and all other security based compensation arrangements, at any time, shall not exceed 10% of the total number of Shares then outstanding. The aggregate number of Shares issued to Related Persons pursuant to Awards and all other security based compensation arrangements, within a one-year period, shall not exceed 10% of the total number of Shares then outstanding. The total number of Shares which may be issued or issuable to any one Related Person and the associates of the Related Person under the Plan and all other security based compensation arrangements within any one-year period shall not exceed 5% of the Shares then outstanding. So long as the Company is listed on the CSE, the aggregate number of Shares issued or issuable to persons providing investor relations activities (as defined in CSE policies) as compensation within a one-year period, shall not exceed 1% of the total number of Shares then outstanding. For the purposes of this Section, the number of Shares then outstanding shall mean the number of Shares, including Shares issuable upon conversion of multiple voting shares of the Company, outstanding immediately prior to the proposed grant of the applicable Award. Under this Plan "security based compensation arrangements" shall mean any compensation or incentive mechanism (such as option plans, restricted share plans, share purchase plans) involving the issuance or potential issuances of securities of the Company from treasury.

Section 5. Eligibility

(a) Eligibility. Any Eligible Person shall be eligible to be designated as a Participant. In determining which Eligible Persons shall receive an Award and the terms of any Award, the Committee may take into account the nature of the services rendered by the respective Eligible Persons, their present and potential contributions to the success of the Company and/or such other factors as the Committee, in its discretion, shall deem relevant. Notwithstanding the foregoing, an Incentive Stock Option may only be granted to full-time or part-time employees (which term, as used herein, includes, without limitation, officers and Directors who are also employees), and an Incentive Stock Option shall not be granted to an employee of an Affiliate unless such Affiliate is also a "subsidiary corporation" of the Company within the meaning of Section 424(f) of the Code or any successor provision.

(b) Ceasing to be an Eligible Person. If a Participant ceases to be an Eligible Person for any reason, whether for cause or otherwise, the Participant may, but only within 90 days following the date on which it ceased to be an Eligible Person, or within 30 such days if such Participant is an investor relations person or holder of Incentive Stock Options, exercise any Option that was exercisable on the date the Participant ceased to be an Eligible Person. The Committee may extend such 90 or 30 day period, as applicable, subject to obtaining any approval required by the stock exchange on which the Shares then trade, if any, and subject to a maximum extension to the original expiry date of such Options. Any Option that was not exercisable on the date the Participant ceased to be an Eligible Person is deemed to expire on such date, unless extended as contemplated herein. Any Option that was exercisable on the date the Participant ceased to be an Eligible Person is deemed to expire immediately following the 90 or 30 day period, as applicable, unless extended as contemplated herein.

Section 6. Awards

(a) Options. The Committee is hereby authorized to grant Options to Eligible Persons with the following terms and conditions and with such additional terms and conditions not inconsistent with the provisions of the Plan, as the Committee shall determine:

(i) Exercise Price. The purchase price per Share purchasable under an Option shall be determined by the Committee and shall not be less than 100% of the Fair Market Value of a Share on the date of grant of such Option; *provided, however,* that the Committee may designate a purchase price below Fair Market Value on the date of grant if the Option is granted in substitution for a stock option previously granted by an entity that is acquired by or merged with the Company or an Affiliate.

(ii) Option Term. The term of each Option shall be fixed by the Committee at the date of grant but shall not be longer than 10 years from the date of grant. Notwithstanding the foregoing, in the event that the expiry date of an Option falls within a trading blackout period imposed by the Company (a "**Blackout Period**"), and neither the Company nor the individual in possession of an Option is subject to a cease trade order in respect of the Company's securities, then the expiry date of such Option shall be automatically extended to the 10th business day following the end of the Blackout Period. With respect to a U.S. Award Holder, the application of the Blackout Period shall be made in the Company's sole discretion in accordance with the Code and Section 409A thereof.

(iii) Time and Method of Exercise. The Committee shall determine the time or times at which an Option may be exercised in whole or in part and the method or methods by which, and the form or forms, including, but not limited to, cash, Shares (actually or by attestation), other securities, other Awards or other property, or any combination thereof, having a Fair Market Value on the exercise date equal to the applicable exercise price, in which payment of the exercise price with respect thereto may be made or deemed to have been made.

(A) Promissory Notes. Notwithstanding the foregoing, the Committee may not permit payment of the exercise price, either in whole or in part, with a promissory note.

(B) Net Exercises. The Committee may, in its discretion, permit an Option to be exercised by delivering to the Participant a number of Shares having an aggregate Fair Market Value (determined as of the date of exercise) equal to the excess, if positive, of the Fair Market Value of the Shares underlying the Option being exercised on the date of exercise, over the exercise price of the Option for such Shares.

(iv) Incentive Stock Options. Notwithstanding anything in the Plan to the contrary, the following additional provisions shall apply to the grant of stock options which are intended to qualify as Incentive Stock Options:

(A) The Committee will not grant Incentive Stock Options in which the aggregate Fair Market Value (determined as of the time the Option is granted) of the Shares with respect to which Incentive Stock Options are exercisable for the first time by any Participant during any calendar year (under this Plan and all other plans of the Company and its Affiliates) shall exceed $100,000.

(B) All Incentive Stock Options must be granted within ten years from the earlier of the date on which this Plan was adopted by the Committee or the date this Plan was approved by the shareholders of the Company.

(C) Unless sooner exercised, all Incentive Stock Options shall expire and no longer be exercisable no later than 10 years after the date of grant; *provided*, *however*,

that in the case of a grant of an Incentive Stock Option to a Participant who, at the time such Option is granted, owns (within the meaning of Section 422 of the Code) share possessing more than 10% of the total combined voting power of all classes of shares of the Company or of its Affiliates, such Incentive Stock Option shall expire and no longer be exercisable no later than five years from the date of grant.

(D) The purchase price per Share for an Incentive Stock Option shall be not less than 100% of the Fair Market Value of a Share on the date of grant of the Incentive Stock Option; *provided*, *however*, that, in the case of the grant of an Incentive Stock Option to a Participant who, at the time such Option is granted, owns (within the meaning of Section 422 of the Code) share possessing more than 10% of the total combined voting power of all classes of shares of the Company or of its Affiliates, the purchase price per Share purchasable under an Incentive Stock Option shall be not less than 110% of the Fair Market Value of a Share on the date of grant of the Incentive Stock Option.

(E) Any Incentive Stock Option authorized under the Plan shall contain such other provisions as the Committee shall deem advisable, but shall in all events be consistent with and contain all provisions required in order to qualify the Option as an Incentive Stock Option.

(b) Share Appreciation Rights. The Committee is hereby authorized to grant Share Appreciation Rights to Eligible Persons subject to the terms of the Plan and any applicable Award Agreement. A Share Appreciation Right granted under the Plan shall confer on the holder thereof a right to receive upon exercise thereof the excess of (i) the Fair Market Value of one Share on the date of exercise over (ii) the grant price of the Share Appreciation Right as specified by the Committee, which price shall not be less than 100% of the Fair Market Value of one Share on the date of grant of the Share Appreciation Right; *provided, however,* that, subject to applicable law and share exchange rules, the Committee may designate a grant price below Fair Market Value on the date of grant if the Share Appreciation Right is granted in substitution for a share appreciation right previously granted by an entity that is acquired by or merged with the Company or an Affiliate. Subject to the terms of the Plan and any applicable Award Agreement, the grant price, term, methods of exercise, dates of exercise, methods of settlement and any other terms and conditions of any Share Appreciation Right shall be as determined by the Committee (except that the term of each Share Appreciation Right shall be subject to the same limitations in Section 6(a)(ii) applicable to Options). The Committee may impose such conditions or restrictions on the exercise of any Share Appreciation Right as it may deem appropriate.

(c) Restricted Share and Restricted Share Units. The Committee is hereby authorized to grant an Award of Restricted Share and Restricted Share Units to Eligible Persons with the following terms and conditions and with such additional terms and conditions not inconsistent with the provisions of the Plan as the Committee shall determine:

(i) Restrictions. Shares of Restricted Share and Restricted Share Units shall be subject to such restrictions as the Committee may impose (including, without limitation, any limitation on the right to vote a Share of Restricted Share or the right to receive any dividend or other right or property with respect thereto), which restrictions may lapse separately or in combination at such time or times, in such installments or otherwise as the Committee may deem appropriate. Notwithstanding the foregoing, rights to dividend or Dividend Equivalent payments shall be subject to the limitations described in Section 6(e).

(ii) Issuance and Delivery of Shares. Any Restricted Share granted under the Plan shall be issued at the time such Awards are granted and may be evidenced in such manner as the Committee may deem appropriate, including book-entry registration or issuance of a share certificate or certificates, which certificate or certificates shall be held by the Company or held in nominee name by the share transfer agent or brokerage service selected by the Company to provide such services for the Plan. Such certificate or

certificates shall be registered in the name of the Participant and shall bear an appropriate legend referring to the restrictions applicable to such Restricted Share. Shares representing Restricted Share that are no longer subject to restrictions shall be delivered (including by updating the book-entry registration) to the Participant promptly after the applicable restrictions lapse or are waived. In the case of Restricted Share Units, no Shares shall be issued at the time such Awards are granted. Upon the lapse or waiver of restrictions and the restricted period relating to Restricted Share Units evidencing the right to receive Shares, such Shares shall be issued and delivered to the holder of the Restricted Share Units.

(iii) Forfeiture. Except as otherwise determined by the Committee or as provided in an Award Agreement, upon a Participant's termination of employment or service or resignation or removal as a Director (in either case, as determined under criteria established by the Committee) during the applicable restriction period, all Shares of Restricted Share and all Restricted Share Units held by such Participant at such time shall be forfeited and reacquired by the Company for cancellation at no cost to the Company; *provided*, *however*, that the Committee may waive in whole or in part any or all remaining restrictions with respect to Shares of Restricted Share or Restricted Share Units.

(d) Performance Awards. The Committee is hereby authorized to grant Performance Awards to Eligible Persons. A Performance Award granted under the Plan (i) may be denominated or payable in cash, Shares (including, without limitation, Restricted Share and Restricted Share Units), other securities, other Awards or other property and (ii) shall confer on the holder thereof the right to receive payments, in whole or in part, upon the achievement of one or more objective performance goals during such performance periods as the Committee shall establish. Subject to the terms of the Plan, the performance goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Award granted, the amount of any payment or transfer to be made pursuant to any Performance Award and any other terms and conditions of any Performance Award shall be determined by the Committee.

(e) Dividend Equivalents. The Committee is hereby authorized to grant Dividend Equivalents to Eligible Persons under which the Participant shall be entitled to receive payments (in cash, Shares, other securities, other Awards or other property as determined in the discretion of the Committee) equivalent to the amount of cash dividends paid by the Company to holders of Shares with respect to a number of Shares determined by the Committee. Subject to the terms of the Plan and any applicable Award Agreement, such Dividend Equivalents may have such terms and conditions as the Committee shall determine. Notwithstanding the foregoing, (i) the Committee may not grant Dividend Equivalents to Eligible Persons in connection with grants of Options, Share Appreciation Rights or other Awards the value of which is based solely on an increase in the value of the Shares after the date of grant of such Award, and (ii) dividend and Dividend Equivalent amounts may be accrued but shall not be paid unless and until the date on which all conditions or restrictions relating to such Award have been satisfied, waived or lapsed.

(f) Other Share-Based Awards. The Committee is hereby authorized to grant to Eligible Persons such other Awards that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Shares (including, without limitation, securities convertible into Shares), as are deemed by the Committee to be consistent with the purpose of the Plan. The Committee shall determine the terms and conditions of such Awards, subject to the terms of the Plan and any applicable Award Agreement. No Award issued under this Section 6(f) shall contain a purchase right or an option-like exercise feature.

(g) General Consideration for Awards. Awards may be granted for no cash consideration or for any cash or other consideration as may be determined by the Committee or required by applicable law.

(ii) Limits on Transfer of Awards. Except as otherwise provided by the Committee in its discretion and subject to such additional terms and conditions as it determines, no Award (other than fully vested and unrestricted Shares issued pursuant to any Award) and no right under any such Award shall be transferable by a Participant other than by will or by the laws of descent and distribution, and no Award (other than fully vested and unrestricted Shares issued pursuant to any Award) or right under any such Award may be

pledged, alienated, attached or otherwise encumbered, and any purported pledge, alienation, attachment or encumbrance thereof shall be void and unenforceable against the Company or any Affiliate. Where the Committee does permit the transfer of an Award other than a fully vested and unrestricted Share, such permitted transfer shall be for no value and in accordance with all applicable securities rules. The Committee may also establish procedures as it deems appropriate for a Participant to designate a person or persons, as beneficiary or beneficiaries, to exercise the rights of the Participant and receive any property distributable with respect to any Award in the event of the Participant's death. In the event of a Participant's death, any unexercised, options issued to such Participant shall be exercisable within a period of one year next succeeding the year in which the Participant died, unless such exercise period is extended by the Committee and approval is obtained from the stock exchange on which the Shares then trade, as applicable.

(iii) Restrictions; Securities Exchange Listing. All Shares or other securities delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such restrictions as the Committee may deem advisable under the Plan, applicable federal or state securities laws and regulatory requirements, and the Committee may cause appropriate entries to be made with respect to, or legends to be placed on the certificates for, such Shares or other securities to reflect such restrictions. The Company shall not be required to deliver any Shares or other securities covered by an Award unless and until the requirements of any federal or state securities or other laws, rules or regulations (including the rules of any securities exchange) as may be determined by the Company to be applicable are satisfied.

(iv) Prohibition on Option and Share Appreciation Right Repricing. Except as provided in Section 4(c) hereof, the Committee may not, without prior approval of the Company's shareholders and applicable share exchange approval, seek to effect any repricing of any previously granted, "underwater" Option or Share Appreciation Right by: (i) amending or modifying the terms of the Option or Share Appreciation Right to lower the exercise price; (ii) canceling the underwater Option or Share Appreciation Right and granting either (A) replacement Options or Share Appreciation Rights having a lower exercise price; or (B) Restricted Share, Restricted Share Units, Performance Award or Other Share-Based Award in exchange; or (iii) cancelling or repurchasing the underwater Option or Share Appreciation Right for cash or other securities. An Option or Share Appreciation Right will be deemed to be "underwater" at any time when the Fair Market Value of the Shares covered by such Award is less than the exercise price of the Award.

(v) Section 409A Provisions. Notwithstanding anything in the Plan or any Award Agreement to the contrary, to the extent that any amount or benefit that constitutes "deferred compensation" to a Participant under Section 409A and applicable guidance thereunder is otherwise payable or distributable to a Participant under the Plan or any Award Agreement solely by reason of the occurrence of a change in control or due to the Participant's disability or "separation from service" (as such term is defined under Section 409A), such amount or benefit will not be payable or distributable to the Participant by reason of such circumstance unless the Committee determines in good faith that (i) the circumstances giving rise to such change in control event, disability or separation from service meet the definition of a change in control event, disability, or separation from service, as the case may be, in Section 409A(a)(2)(A) of the Code and applicable proposed or final regulations, or (ii) the payment or distribution of such amount or benefit would be exempt from the application of Section 409A by reason of the short-term deferral exemption or otherwise. Any payment or distribution that otherwise would be made to a Participant who is a Specified Employee (as determined by the Committee in good faith) on account of separation from service may not be made before the date which is six months after the date of the Specified Employee's separation from service (or if earlier, upon the Specified Employee's death) unless the payment or

distribution is exempt from the application of Section 409A by reason of the short-term deferral exemption or otherwise.

(vi) Acceleration of Vesting or Exercisability. No Award Agreement shall accelerate the exercisability of any Award or the lapse of restrictions relating to any Award in connection with a change-in-control event, unless such acceleration occurs upon the consummation of (or effective immediately prior to the consummation of, *provided that* the consummation subsequently occurs) such change-in-control event.

Section 7. Amendment and Termination; Corrections

(a) Amendments to the Plan and Awards. The Committee may from time to time amend, suspend or terminate this Plan, and the Committee may amend the terms of any previously granted Award, *provided that* no amendment to the terms of any previously granted Award may (except as expressly provided in the Plan) materially and adversely alter or impair the terms or conditions of the Award previously granted to a Participant under this Plan without the written consent of the Participant or holder thereof. Any amendment to this Plan, or to the terms of any Award previously granted, is subject to compliance with all applicable laws, rules, regulations and policies of any applicable governmental entity or securities exchange, including receipt of any required approval from the governmental entity or share exchange. For greater certainty and without limiting the foregoing, the Committee may amend, suspend, terminate or discontinue the Plan, and the Committee may amend or alter any previously granted Award, as applicable, without obtaining the approval of shareholders of the Company in order to:

(i) amend the eligibility for, and limitations or conditions imposed upon, participation in the Plan;

(ii) amend any terms relating to the granting or exercise of Awards, including but not limited to terms relating to the amount and payment of the exercise price, or the vesting, expiry, assignment or adjustment of Awards, or otherwise waive any conditions of or rights of the Company under any outstanding Award, prospectively or retroactively;

(iii) make changes that are necessary or desirable to comply with applicable laws, rules, regulations and policies of any applicable governmental entity or share exchange (including amendments to Awards necessary or desirable to avoid any adverse tax results under Section 409A), and no action taken to comply shall be deemed to impair or otherwise adversely alter or impair the rights of any holder of an Award or beneficiary thereof; or

(iv) amend any terms relating to the administration of the Plan, including the terms of any administrative guidelines or other rules related to the Plan.

Notwithstanding the foregoing and for greater certainty, prior approval of the shareholders of the Company shall be required for any amendment to the Plan or an Award that would:

(i) require shareholder approval under the rules or regulations of securities exchange that is applicable to the Company;

(ii) permit repricing of Options or Share Appreciation Rights, which is currently prohibited by Section 6(g)(iv) of the Plan;

(iii) permit the award of Options or Share Appreciation Rights at a price less than 100% of the Fair Market Value of a Share on the date of grant of such Option or Share Appreciation Right, contrary to the provisions of Section 6(a)(i) and Section 6(b) of the Plan;

(iv) permit Options to be transferable other than for normal estate settlement purposes;

(v) amend this Section 7(a); or

(vi) increase the maximum term permitted for Options and Share Appreciation Rights as specified in Section 6(a) and Section 6(b) or extend the terms of any Options beyond their original expiry date.

(b) Corporate Transactions. In the event of any reorganization, merger, consolidation, split-up, spin-off, combination, plan of arrangement, take-over bid or tender offer, repurchase or exchange of Shares or other securities of the Company or any other similar corporate transaction or event involving the Company (or the Company shall enter into a written agreement to undergo such a transaction or event), the Committee or the Board may, in its sole discretion, provide for any of the following to be effective upon the consummation of the event (or effective immediately prior to the consummation of the event, *provided that* the consummation of the event subsequently occurs), and no action taken under this Section 7(b) shall be deemed to impair or otherwise adversely alter the rights of any holder of an Award or beneficiary thereof:

(i) either (A) termination of the Award, whether or not vested, in exchange for an amount of cash and/or other property, if any, equal to the amount that would have been attained upon the exercise of the vested portion of the Award or realization of the Participant's vested rights (and, for the avoidance of doubt, if, as of the date of the occurrence of the transaction or event described in this Section 7(b)(i)(A), the Committee or the Board determines in good faith that no amount would have been attained upon the exercise of the Award or realization of the Participant's rights, then the Award may be terminated by the Company without any payment) or (B) the replacement of the Award with other rights or property selected by the Committee or the Board, in its sole discretion;

(ii) that the Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the share of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices;

(iii) that, subject to Section 6(g)(vi), the Award shall be exercisable or payable or fully vested with respect to all Shares covered thereby, notwithstanding anything to the contrary in the applicable Award Agreement; or

(iv) that the Award cannot vest, be exercised or become payable after a date certain in the future, which may be the effective date of the event.

(c) Correction of Defects, Omissions and Inconsistencies. The Committee may, without prior approval of the shareholders of the Company, correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any Award or Award Agreement in the manner and to the extent it shall deem desirable to implement or maintain the effectiveness of the Plan.

Section 8. Income Tax Withholding

In order to comply with all applicable federal, state, local or foreign income tax laws or regulations, the Company may take such action as it deems appropriate to ensure that all applicable federal, state, local or foreign payroll, withholding, income or other taxes, which are the sole and absolute responsibility of a Participant, are withheld or collected from such Participant. Without limiting the foregoing, in order to assist a Participant in paying all or a portion of the applicable taxes to be withheld or collected upon exercise or receipt of (or the lapse of restrictions relating to) an Award, the Committee, in its discretion and subject to such additional terms and conditions as it may adopt, may permit the Participant to satisfy such tax obligation by (a) electing to have the Company withhold a portion of the Shares otherwise to be delivered upon exercise or receipt of (or the lapse of restrictions relating to) such Award with a Fair Market Value equal to the amount of such taxes (subject to any applicable limitations under ASC Topic 718 to avoid adverse accounting treatment) or (b) delivering to the Company Shares other than Shares issuable upon exercise or receipt of (or the lapse of restrictions relating to) such Award with a Fair Market Value equal to the amount of such taxes. The election, if any, must be made on or before the date that the amount of tax to be withheld is determined.

Section 9. U.S. Securities Laws

Neither the Awards nor the securities which may be acquired pursuant to the exercise of the Awards have been registered under the Securities Act or under any securities law of any state of the United States of America and are considered "restricted securities" (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act and any Shares shall be affixed with an applicable restrictive legend as set forth in the Award Agreement. The Awards may not be offered or sold, directly or indirectly, in the United States except pursuant to registration under the U.S. Securities Act and the securities laws of all applicable states or available exemptions therefrom, and the Company has no obligation or present intention of filing a registration statement under the U.S. Securities Act in respect of any of the Awards or the securities underlying the Awards, which could result in such U.S. Award Holder not being able to dispose of any Shares issued on exercise of Awards for a considerable length of time. Each U.S. Award Holder or anyone who becomes a U.S. Award Holder, who is granted an Award in the United States, who is a resident of the United States or who is otherwise subject to the Securities Act or the securities laws of any state of the United States will be required to complete an Award Agreement which sets out the applicable United States restrictions.

Section 10. General Provisions

(a) No Rights to Awards. No Eligible Person, Participant or other Person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Eligible Persons, Participants or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards need not be the same with respect to any Participant or with respect to different Participants.

(b) Award Agreements. No Participant shall have rights under an Award granted to such Participant unless and until an Award Agreement shall have been signed by the Participant (if requested by the Company), or until such Award Agreement is delivered and accepted through an electronic medium in accordance with procedures established by the Company. An Award Agreement need not be signed by a representative of the Company unless required by the Committee. Each Award Agreement shall be subject to the applicable terms and conditions of the Plan and any other terms and conditions (not inconsistent with the Plan) determined by the Committee.

(c) Plan Provisions Control. In the event that any provision of an Award Agreement conflicts with or is inconsistent in any respect with the terms of the Plan as set forth herein or subsequently amended, the terms of the Plan shall control.

(d) No Rights of Shareholders. Except with respect to Shares issued under Awards (and subject to such conditions as the Committee may impose on such Awards pursuant to Section 6(c)(i) or Section 6(e)), neither a Participant nor the Participant's legal representative shall be, or have any of the rights and privileges of, a shareholder of the Company with respect to any Shares issuable upon the exercise or payment of any Award, in whole or in part, unless and until such Shares have been issued.

(e) No Limit on Other Compensation Arrangements. Nothing contained in the Plan shall prevent the Company or any Affiliate from adopting or continuing in effect other or additional compensation plans or arrangements, and such plans or arrangements may be either generally applicable or applicable only in specific cases.

(f) No Right to Employment. The grant of an Award shall not be construed as giving a Participant the right to be retained as an employee of the Company or any Affiliate, nor will it affect in any way the right of the Company or an Affiliate to terminate a Participant's employment at any time, with or without cause, in accordance with applicable law. In addition, the Company or an Affiliate may at any time dismiss a Participant from employment free from any liability or any claim under the Plan or any Award, unless otherwise expressly provided in the Plan or in any Award Agreement. Nothing in this Plan shall confer on any person any legal or equitable right against the Company or any Affiliate, directly or indirectly, or give rise to any cause of action at law or in equity against the Company or an Affiliate. Under no circumstances shall any person ceasing to be an employee of the Company or any Affiliate be entitled to any compensation for any loss of any right or benefit under the Plan which such employee might otherwise have enjoyed but for termination of employment, whether such compensation is claimed by way of damages for wrongful or unfair dismissal, breach of contract or otherwise. By participating in the Plan, each Participant shall be deemed to have accepted all the conditions of the Plan and the terms and conditions of any rules and regulations adopted by the Committee and shall be fully bound thereby.

(g) Governing Law. The internal law, and not the law of conflicts, of British Columbia shall govern all questions concerning the validity, construction and effect of the Plan or any Award, and any rules and regulations relating to the Plan or any Award.

(h) Severability. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the purpose or intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction or Award, and the remainder of the Plan or any such Award shall remain in full force and effect.

(i) No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and a Participant or any other Person. To the extent that any Person acquires a right to receive payments from the Company or any Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or any Affiliate.

(j) Other Benefits. No compensation or benefit awarded to or realized by any Participant under the Plan shall be included for the purpose of computing such Participant's compensation or benefits under any pension, retirement, savings, profit sharing, group insurance, disability, severance, termination pay, welfare or other benefit plan of the Company, unless required by law or otherwise provided by such other plan.

(k) No Fractional Shares. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash shall be paid in lieu of any fractional Share or whether such fractional Share or any rights thereto shall be canceled, terminated or otherwise eliminated.

(l) Headings. Headings are given to the sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

Section 11. Clawback or Recoupment

All Awards under this Plan shall be subject to recovery or other penalties pursuant to (i) any Company clawback policy, as may be adopted or amended from time to time, or (ii) any applicable law, rule or regulation or applicable share exchange rule.

Section 12. Effective Date of the Plan

The Plan was adopted by the Board on ~~June 30~~January 17, ~~2020~~2022.

Section 13. Term of the Plan

No Award shall be granted under the Plan, and the Plan shall terminate, on the earlier of (i) the tenth anniversary of the date the Plan is approved by the shareholders of the Company, and (ii) the date of discontinuation or termination established pursuant to Section 7(a) of the Plan. Unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award theretofore granted may extend beyond such dates, and the authority of the Committee provided for hereunder with respect to the Plan and any Awards, and the authority of the Committee to amend the Plan, shall extend beyond the termination of the Plan.

APPENDIX T
AMENDED AND RESTATED BY-LAW NO. 2

(see attached)

AMENDED AND RESTATED BY-LAW NO. 2

A by-law relating generally to the
transaction of the business and affairs of
~~LINEAGE GROW COMPANY LTD~~
HARBORSIDE INC.
(the "**Corporation**")

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AMENDED AND RESTATED BY-LAW NO. 2

A by-law relating generally to the
transaction of the business and affairs of
~~LINEAGE GROW COMPANY LTD~~
HARBORSIDE INC.
(herein called the "Corporation")

BE IT PASSED AND MADE as a by-law of the Corporation as follows:

ARTICLE 1 - DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this by-law, unless there is something in the subject matter or context inconsistent therewith,

(i) "Act" means the *Business Corporations Act* (Ontario), as amended or re-enacted from time to time, and includes the regulations made pursuant thereto;

(ii) "affiliate" means an affiliated body corporate, and one body corporate shall be deemed to be affiliated with another body corporate if, but only if, one of them is the subsidiary of the other or both are subsidiaries of the same body corporate or each of them is controlled by the same person;

(iii) "articles" means the original or restated articles of incorporation, articles of amendment, articles of amalgamation, articles of arrangement, articles of continuance, articles of dissolution, articles of reorganization, articles of revival, letters patent, supplementary letters patent, a special Act and any other instrument by which the Corporation is incorporated;

(iv) "auditor" means the auditor of the Corporation;

(v) "board" means the board of directors of the Corporation;

(vi) "by-law" means a by-law of the Corporation;

(vii) "Chairman of the Board", "Chief Executive Officer", "Chief Financial Officer", "President", "Vice-President, "Secretary", "Treasurer", "General Manager", "Assistant Secretary", "Assistant Treasurer" or any other officer means such officer of the Corporation, but shall not include the Chairman Emeritus;

(viii) "committee" means a committee appointed pursuant to section 6.1 of this by-law;

(ix) "director" means a director of the Corporation;

(x) "day" means a clear day and a period of days shall be deemed to commence the day following the event that began the period and shall be deemed to terminate at midnight of the last day of the period except that if the last day of the period falls on a Saturday, Sunday or holiday the period shall terminate at midnight of the day next following that is not a Saturday, Sunday or holiday;

(xi) "employee" means an employee of the Corporation;

(xii) "number of directors" means the number of directors set out in the articles or, where a minimum and maximum number of directors is set out in the articles, the number of directors as shall be determined from time to time by special resolution or, if the special resolution empowers the directors to determine the number, by resolution of the directors;

(xiii) "officer" means an officer of the Corporation;

(xiv) "person" includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, and a natural person in his or her capacity as trustee, executor, administrator or other legal representative;

(xv) "resident Canadian" means an individual who is,

(A) a Canadian citizen ordinarily resident in Canada,

(B) a Canadian citizen not ordinarily resident in Canada who is a member of a class of persons prescribed by the Act for the purposes of the definition of "resident Canadian", or

(C) a permanent resident within the meaning of the *Immigration and Refugee Protection Act* (Canada) and ordinarily resident in Canada, except a permanent resident who has been ordinarily resident in Canada for more than one year after the time at which he first became eligible to apply for Canadian citizenship;

(xvi) "shareholder" means a shareholder of the Corporation;

(xvii) "special resolution" means a resolution that is

(A) submitted to a special meeting of the shareholders of the Corporation duly called for the purpose of considering the resolution and passed, with or without amendment, at such meeting by at least two-thirds of the votes cast, or

(B) consented to in writing by each shareholder of the Corporation entitled to vote at such a meeting or his or her attorney authorized in writing;

(xviii) "subsidiary" means in relation to another body corporate, a body corporate which

(A) is controlled by

(1) that other, or

(2) that other and one or more bodies corporate each of which is controlled by that other, or

(3) two or more bodies corporate each of which is controlled by that other; or

(B) is a subsidiary of a body corporate that is that other's subsidiary;

subject to the foregoing, the words and expressions herein contained shall have the same meaning as corresponding words and expressions in the Act.

1.2 **Interpretation**

In each by-law and resolution, unless there is something in the subject matter or context inconsistent therewith, the singular shall include the plural and the plural shall include the singular and the masculine shall include the feminine. Wherever reference is made in this or any other by-law or in any special resolution to any statute or section thereof, such reference shall be deemed to extend and refer to any amendment to or re-enactment of such statute or section, as the case may be.

1.3 **Headings and Table of Contents**

The headings and table of contents in this by-law are inserted for convenience of reference only and shall not affect the construction or interpretation of the provisions of this by-law.

ARTICLE 2 - GENERAL

2.1 **Registered Office**

The Corporation may by resolution of the directors change the location of its registered office within the municipality or geographic township specified in the articles.

2.2 **Corporate Seal**

The Corporation may have a corporate seal which shall be adopted and may be changed by resolution of the directors.

2.3 **Financial Year**

The directors may by resolution fix the financial year end of the Corporation and the directors may from time to time by resolution change the financial year end of the Corporation.

2.4 **Execution of Documents**

(a~~)~~ Instruments in writing requiring execution by the Corporation may be signed on behalf of the Corporation by any officer or director of the Corporation, and all instruments in writing so signed shall be binding upon the Corporation without any further authorization or formality. The board may from time to time by resolution appoint any officer or officers or any other person or persons on behalf of the Corporation either to sign instruments in writing generally or to sign specific instruments in writing.

(b) Any instrument in writing requiring execution by the Corporation may be signed manually or electronically.

(c) The corporate seal of the Corporation (if any) may be affixed to instruments in writing signed as aforesaid by any person authorized to sign the same or at the direction of any such person.

(~~c~~d) The term "instruments in writing" as used herein shall include deeds, contracts, mortgages, hypothecs, charges, conveyances, transfers and assignments of property real or personal, immovable or movable, agreements, releases, receipts and discharges for the payment of money or other obligations, cheques, promissory notes, drafts, acceptances, bills of exchange and orders for the payment of money, conveyances, transfers and assignments of shares, instruments of proxy, powers of attorney, stocks, bonds, debentures or other securities or any paper writings.

(~~d~~e) Subject to the provisions of section 13.5 hereof, the signature or signatures of an officer or director, person or persons appointed as aforesaid by resolution of the directors, may, if specifically authorized by resolution of the directors, be printed, engraved, lithographed or otherwise mechanically reproduced upon all instruments in writing executed or issued by or on behalf of the Corporation and all instruments in writing on which the signature or signatures of any of the foregoing officers, directors or persons shall be so reproduced, by authorization

by resolution of the directors, shall be deemed to have been manually signed by such officers or persons whose signature or signatures is or are so reproduced and shall be as valid as if they had been signed manually and notwithstanding that the officers, directors or persons whose signature or signatures is or are so reproduced may have ceased to hold office at the date of the delivery or issue of such instruments in writing.

2.5 **Resolutions in Writing**

(a) A resolution in writing, signed by all the directors entitled to vote on that resolution at a meeting of directors or a committee of directors, is as valid as if it had been passed at a meeting of directors or such committee of directors.

(b) A resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders unless a written statement with respect to the subject matter of the resolution is submitted by a director or representations in writing are submitted by the auditor in accordance with the Act.

(c) Where the Corporation has only one shareholder, or only one holder of any class or series of shares, the shareholder present in person or by proxy constitutes a meeting.

2.6 **Divisions**

The board may cause the business and operations of the Corporation or any part thereof to be divided into one or more divisions upon such basis, including without limitation, types of business or operations, geographical territories, product lines or goods or services, as the board may consider appropriate in each case. From time to time the board or any person authorized by the board may authorize, upon such basis as may be considered appropriate in each case:

(i) the further division of the business and operations of any such division into sub-units and the consolidation of the business and operations of any such divisions or sub-units;

(ii) the designation of any such division or sub-unit by, and the carrying on of the business and operations of any such division or sub-unit under, a name other than the name of the Corporation; and

(iii) the appointment of officers for any such division or sub-unit, the determination of their powers and duties, and the removal of any such officer so appointed without prejudice to such officer's rights under any employment contract or in law, provided that any such officer shall not, as such, be an officer of the Corporation.

ARTICLE 3 - DIRECTORS

3.1 General

The directors shall manage or supervise the management of the business and affairs of the Corporation.

3.2 Qualification

(a) The following persons are disqualified from being a director:

(i) a person who is less than eighteen (18) years of age,

(ii) a person who has been found under the *Substitute Decisions Act, 1992* or under the *Mental Health Act* to be incapable of managing property or who has been found to be incapable by a court in Canada or elsewhere,

(iii) a person who is not an individual, and

(iv) a person who has the status of bankrupt.

(b) Unless the articles otherwise provide, a director is not required to hold shares issued by the Corporation.

~~(c) Unless the Corporation is a non-resident corporation, not less than 25% of the directors shall be resident Canadians, but where the Corporation has less than four directors, at least one director shall be a resident Canadian.~~

3.3 Election

Subject to the provisions of the Act the directors shall be elected at the first meeting of shareholders and at each succeeding annual meeting of the shareholders.

3.4 Fixing Number of Directors

If the articles provide for a minimum and maximum number of directors, the number of directors of the Corporation and the number of directors to be elected at the annual meeting of the shareholders shall be such number as shall be determined from time to time by special resolution or, if the special resolution empowers the directors to determine the number, by resolution of the directors.

3.5 **Term of Office**

Subject to the provisions of the articles, the term of office of a director not elected for an expressly stated term shall commence at the close of the meeting of shareholders at which he is elected and shall terminate at the close of the first annual meeting of shareholders following his or her election. If an election of directors is not held at the proper time the incumbent directors continue in office until their successors are elected.

3.6 **Ceasing to Hold Office**

A director ceases to hold office when:

(i) he or she dies or, subject to section 3.7 of this bylaw, he resigns;

(ii) he or she is removed from office in accordance with the provisions of the Act or the by-laws; or

(iii) he or she becomes disqualified from being a director under the Act or by-laws.

3.7 **Resignation of a Director**

A director may resign his or her office as a director by giving to the Corporation his or her written resignation, which resignation shall become effective at the later of:

(i) the time at which such resignation is received by the Corporation, or

(ii) the time specified in the resignation.

3.8 **Removal**

Subject to the provisions of the Act, the shareholders may by resolution at an annual or special meeting of shareholders remove any director or directors from office and may by resolution at such meeting elect any person to fill the vacancy created by the removal of such director, failing which the vacancy created by the removal of such director may be filled by the directors.

3.9 **Vacancies**

(a) Subject to the provisions of the Act, a quorum of directors may fill a vacancy among the directors, except a vacancy resulting from:

(i) an increase in the number of directors or in the maximum number of directors, as the case may be, or

(ii) a failure to elect the number of directors required to be elected at any meeting of shareholders.

(b) A director appointed or elected to fill a vacancy holds office for the unexpired term of his or her predecessor.

(c) If there is not a quorum of directors, or if there has been a failure to elect the number of directors required by the articles or by section 3.4 hereof, the directors then in office shall forthwith call a special meeting of shareholders to fill the vacancy and, if they fail to call a meeting or if there are no directors then in office, the meeting may be called by any shareholder.

(d) Subject to the articles or by-laws, where there is a vacancy or vacancies on the board, the remaining directors may exercise all the powers of the board so long as a quorum of the board remains in office.

3.10 **Remuneration**

Subject to the articles and the by-laws, the directors may fix the remuneration of the directors, officers and employees of the Corporation.

3.11 **Power to Borrow**

Unless the articles or by-laws otherwise provide, the directors may without authorization of the shareholders from time to time

(i) borrow money upon the credit of the Corporation;

(ii) issue, reissue, sell or pledge debt obligations of the Corporation;

(iii) subject to the Act, give a guarantee on behalf of the Corporation to secure performance of an obligation of any person; and

(iv) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation owned or subsequently acquired, to secure any obligation of the Corporation.

3.12 **Delegation of Power to Borrow**

Unless the articles or by-laws otherwise provide, the directors may by resolution delegate any or all of the powers referred to in section 3.11 of this by-law to a director, a committee or an officer.

ARTICLE 4 - NOMINATION OF DIRECTORS

4.1 Nomination Procedure

Only persons who are nominated in accordance with the procedures set out in this section 4.1 shall be eligible for election as directors to the board. Nominations of persons for election to the board may only be made at an annual meeting of shareholders, or at a special meeting of shareholders called for any purpose which includes the election of directors to the board, as follows:

(a) by or at the direction of the board or an authorized officer of the Corporation, including pursuant to a notice of meeting;

(b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act or a requisition of a meeting of shareholders made in accordance with the provisions of the Act; or

(c) by any person entitled to vote at such meeting (a "**Nominating Shareholder**"), who: (A) is, at the close of business on the date of giving notice provided for in section 4.3 below and on the record date for notice of such meeting, either entered in the securities register of the Corporation as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (B) has given timely notice in proper written form as set forth in this section 4.1.

4.2 Exclusive Means to Bring Nomination

For the avoidance of doubt, the foregoing section 4.1 shall be the exclusive means for any person to bring nominations for election to the board before any annual or special meeting of shareholders.

4.3 Timely Notice

For a nomination made by a Nominating Shareholder to be timely notice (a "**Timely Notice**"), the Nominating Shareholder's notice must be received by the Secretary at the registered office of the Corporation:

(a) in the case of an annual meeting of shareholders, not later than the close of business on the 30th day and not earlier than the opening of business on the 65th day before the date of the meeting: provided, however, if the first public announcement made by the Corporation of the date of the annual meeting is less than 50 days prior to the meeting date, not later than the close of business on the

10th day following the day on which the first public announcement of the date of such annual meeting is made by the Corporation; and

(b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for any purpose which includes the election of directors to the board, not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting is made by the Corporation.

4.4 **Time Period for Giving Timely Notice**

The time periods for giving of a Timely Notice shall in all cases be determined based on the original date of the annual meeting or the first public announcement of the annual or special meeting, as applicable. In no event shall an adjournment or postponement of an annual meeting or special meeting of shareholders or any announcement thereof commence a new time period for the giving of a Timely Notice.

4.5 **Form of Notice**

To be in proper written form, a Nominating Shareholder's notice to the Secretary must comply with all the provisions of this section 4.5 and:

(a) disclose or include, as applicable, as to each person whom the Nominating Shareholder proposes to nominate for election as a director (a "**Proposed Nominee**"):

(i) their name, age, business and residential address, principal occupation or employment for the past five years and status as a resident Canadian;

(ii) their direct or indirect beneficial ownership in, or control or direction over, any class or series of securities of the Corporation, including the number or principal amount and the date(s) on which such securities were acquired;

(iii) any relationships, agreements or arrangements, including financial, compensation and indemnity related relationships, agreements or arrangements, between (i) the Proposed Nominee (or any affiliates or associates of, or any person or entity acting jointly or in concert with, the Proposed Nominee), and (ii) the Nominating Shareholder;

(iv) a statement that the Proposed Nominee would not be disqualified from being a director pursuant to subsection 105(1) of the Act;

(v) a statement as to whether the Proposed Nominee would be an "independent" director (within the meaning of sections 1.4 and 1.5 of National Instrument 52-110 *Audit Committees* of the Canadian Securities Administrators, as such

provisions may be amended from time to time) if elected and the reasons and basis for such determination;

(vi) any other information that would be required to be disclosed in a dissident proxy circular or other filings required to be made in connection with the solicitation of proxies for election of directors pursuant to the Act or applicable securities law;

(vii) a duly completed personal information form in respect of the Proposed Nominee in the form prescribed by the principal stock exchange on which the securities of the Corporation are then listed for trading; and

(b) disclose or include, as applicable, as to each Nominating Shareholder giving the notice and each beneficial owner, if any, on whose behalf the nomination is made:

(i) their name, business and residential address, direct or indirect beneficial ownership in, or control or direction over, any class or series of securities of the Corporation, including the number or principal amount and the date(s) on which such securities were acquired;

(ii) their interests in, or rights or obligations associated with, an agreement, arrangement or understanding, the purpose or effect of which is to alter, directly or indirectly, the person's economic interest in a security of the Corporation or the person's economic exposure to the Corporation;

(iii) any proxy, contract, arrangement, agreement or understanding pursuant to which such person, or any of its affiliates or associates, or any person acting jointly or in concert with such person, has any interests, rights or obligations relating to the voting of any securities of the Corporation or the nomination of directors to the board;

(iv) any direct or indirect interest of such person in any contract with the Corporation or with any of the Corporation's affiliates or principal competitors;

(v) a representation that the Nominating Shareholder is a holder of record of securities of the Corporation, or a beneficial owner, entitled to vote at such meeting, and intends to appear in person or by proxy at the meeting to propose such nomination;

(vi) a representation as to whether such person intends to deliver a proxy circular and/or form of proxy to any shareholder in connection with such nomination or otherwise solicit proxies or votes from shareholders in support of such nomination; and

(vii) any other information relating to such person that would be required to be included in a dissident proxy circular or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to the Act or as required by applicable securities law.

4.6 **Currency of Information**

All information to be provided in a Timely Notice pursuant to section 4.5 shall be provided as of the date of such notice. The Nominating Shareholder shall update such information forthwith so that it is true and correct in all material respects as of the date that is 10 business days prior to the date of the meeting, or any adjournment or postponement thereof.

4.7 **Corporate Governance**

To be eligible to be a candidate for election as a director and to be duly nominated, a Proposed Nominee must have previously delivered to the Secretary at the registered office of the Corporation, not less than five days prior to the date of the meeting of shareholders, a written representation and agreement (in form provided by the Corporation) that the Proposed Nominee, if elected as a director, will comply with all applicable corporate governance, conflict of interest, confidentiality and insider trading policies and guidelines of the Corporation in effect during the Proposed Nominee's term in office as a director. Upon the request of a Proposed Nominee or a Nominating Shareholder, the Secretary shall provide copies of all such policies and guidelines then in effect.

4.8 **Additional Information**

If requested by the Corporation, a Proposed Nominee shall furnish any other information as may reasonably be required by the Corporation to determine the eligibility of such Proposed Nominee to serve as a director of the Corporation or a member of any committee, with respect to any relevant criteria for eligibility, or that could be material to a shareholder's understanding of the eligibility, or lack thereof, of such Proposed Nominee.

4.9 **Notice**

Notwithstanding any other provision of this by-law, any notice, or other document or information required to be given to the Secretary pursuant to this Article 4 may only be given by personal delivery, facsimile transmission or by email (at such email address as may be stipulated from time to time by the Secretary for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery to the Secretary at the address of the registered office of the Corporation, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Toronto time) on a day which is a business day, then such

delivery or electronic communication shall be deemed to have been made on the next following day that is a business day.

4.10 **Additional Matters**

(a) The chair of any meeting of shareholders shall have the power to determine whether any proposed nomination is made in accordance with the provisions of this Article 4, and if any proposed nomination is not in compliance with such provisions, must declare that such defective nomination shall not be considered at any meeting of shareholders.

(b) Despite any other provision of this Article 4, if the Nominating Shareholder (or a qualified representative of the Nominating Shareholder) does not appear in person at the meeting of shareholders of the Corporation to present the nomination, such nomination shall be disregarded, notwithstanding that proxies in respect of such nomination may have been received by the Corporation.

(c) Nothing in this Article 4 shall obligate the Corporation or the board to include in any proxy statement or other shareholder communication distributed by or on behalf of the Corporation or board any information with respect to any proposed nomination or any Nominating Shareholder or Proposed Nominee.

(d) The board may, in its sole discretion, waive any requirement of this Article 4.

(e) For the purposes of this Article 4:

(i) "public announcement" means disclosure in a press release disseminated by the Corporation through a national news service in Canada, or in a document filed by the Corporation for public access under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com; and

(ii) "business day" means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by law to be closed in the City of Toronto, Ontario.

(f) This Article 4 is subject to, and should be read in conjunction with, the Act and the articles. If there is any conflict or inconsistency between any provision of the Act or the articles and any provision of this Article 4, the provision of the Act or the articles will govern.

ARTICLE 5 - ANNUAL OR SPECIAL MEETINGS OF SHAREHOLDERS

5.1 **Business to be Transacted**

No business may be transacted at an annual or special meeting of shareholders other than business that is either (i) specified in the Corporation's notice of meeting (or any supplement thereto) given by or at the direction of the board, (ii) otherwise properly brought before the meeting by or at the direction of the board, or (iii) otherwise properly brought before the meeting by any shareholder of the Corporation who complies with the proposal procedures set forth in section 5.2 below.

5.2 **Proposal**

For business to be properly brought before a meeting by a shareholder, such shareholder must submit a proposal to the Corporation for inclusion in the Corporation's management proxy circular in accordance with the requirements of the Act; provided that any proposal that includes nominations for the election of directors shall also comply with the requirements of Article 4.

ARTICLE 6 - COMMITTEES

6.1 **Appointment**

Subject to the Act, the articles or the by-laws, the directors may appoint from their number one or more committees and may by resolution delegate to any such committee any of the powers of the directors.

6.2 **Provisions Applicable**

The following provisions shall apply to any committee appointed by the directors:

(i) unless otherwise provided by resolution of the directors, each member of a committee shall continue to be a member thereof until the expiration of his or her term of office as a director;

(ii) the directors may from time to time by resolution specify which member of a committee shall be the chairman thereof and, subject to the provisions of section 6.1 of this by-law, may by resolution modify, dissolve or reconstitute a committee and make such regulations with respect to and impose such restrictions upon the exercise of the powers of a committee as the directors think expedient;

(iii) the meetings and proceedings of a committee shall be governed by the provisions of the by-laws of the Corporation for regulating the meetings and proceedings of the board so far as the same are applicable thereto and are not superseded by any regulations or restrictions made or imposed by the directors pursuant to the foregoing provisions hereof;

(iv) the members of a committee as such shall be entitled to such remuneration for their services as members of a committee as may be fixed by resolution of the directors, who are hereby authorized to fix such remuneration;

(v) unless otherwise provided by resolution of the board, the Secretary of the Corporation shall be the secretary of any committee;

(vi) subject to the provisions of section 6.1 of this by-law, the directors shall fill vacancies in a committee by appointment from among their number; and

(vii) unless otherwise provided by resolution of the board, meetings of a committee may be convened by the direction of any member thereof.

ARTICLE 7 - MEETINGS OF DIRECTORS

7.1 Place of Meetings

Meetings of the board and of any committee may be held at any place within or outside Ontario. In any financial year of the Corporation, a majority of the meetings of the board and a majority of the meetings of any committee need not be held within Canada.

7.2 Calling of Meetings

A meeting of the board may be called at any time by the Chairman of the Board, the President (if he is a director), a Vice-President (if he is a director) or any two of the directors and the Secretary shall cause notice of a meeting of directors to be given when so directed by any such person or persons.

7.3 Notice of Meetings

(a) Notice of any meeting of the board specifying the time and, except where the meeting is to be held as provided for in section 7.6 of this by-law, the place for the holding of such meeting shall be given in accordance with the terms of section 17.1 hereof to every director not less than two days before the date of the meeting.

(b) Notice of an adjourned meeting of the board is not required to be given if the time and place of the adjourned meeting is announced at the original meeting.

(c) Meetings of the board may be held at any time without formal notice if all the directors are present or if all the directors who are not present, in writing or by cable, telegram or any form of transmitted or recorded communication, waive notice or signify their consent to the meeting being held without formal notice. Notice of any meeting or any irregularity in any meeting or in the notice thereof may be waived by any director either before or after such meeting. Attendance of a director at a meeting of the board is a waiver of notice of the meeting, except

where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

7.4 **Regular Meetings**

The board may by resolution fix a day or days in any month or months for the holding of regular meetings at a time and place specified in such resolution. A copy of any resolution of the board specifying the time and place for the holding of regular meetings of the board shall be sent to each director at least two days before the first of such regular meetings and no other notice shall be required for any of such regular meetings.

7.5 **First Meeting of New Board**

For the first meeting of the board to be held immediately following the election of directors at an annual or other meeting of the shareholders or for a meeting of the board at which a director is appointed to fill a vacancy in the board, no notice need be given to the newly elected or appointed director or directors.

7.6 **Participation by Telephone**

If all the directors present at or participating in the meeting consent, a meeting of the board or of a committee may be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and a director participating in such a meeting by such means is deemed to be present in person at that meeting for the purposes of the Act and this by-law.

7.7 **Chairman**

The chairman of any meeting of the board shall be the first mentioned of such of the following officers as have been appointed and who is a director and who is present at the meeting: Chairman of the Board, President or a Vice-President. If no such officer is present, the directors present shall choose one of their number to be chairman.

7.8 **Quorum**

(a) Subject to the articles and subsection 7.8(b) of this by-law, a majority of the number of directors or minimum number of directors required by the articles constitutes a quorum at any meeting of the board, but in no case shall a quorum be less than two-fifths of the number of directors or minimum number of directors, as the case may be.

(b) Where the Corporation has fewer than three directors, the director or both directors, as the case may be, must be present at any meeting of the board to constitute a quorum.

(c) Directors shall not transact business at a meeting of directors unless a quorum of the board is present.

7.9 **Voting**

All questions arising at any meeting of the board shall be decided by a majority of votes. In case of an equality of votes, the chairman of the meeting shall not have, in addition to his or her original vote, a second or casting vote.

7.10 **Auditor**

The auditor shall be entitled to attend at the expense of the Corporation and be heard at meetings of the board on matters relating to his or her duties as auditor.

ARTICLE 8 - STANDARD OF CARE OF DIRECTORS AND OFFICERS

8.1 **Standard of Care**

Every director and officer in exercising his or her powers and discharging his or her duties shall:

(i) act honestly and in good faith with a view to the best interests of the Corporation; and

(ii) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

8.2 **Liability for Acts of Others**

Subject to the provisions of section 8.1 of this by-law, no director or officer shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee or for joining in any receipts or acts for conformity or for any loss, damage, or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by order of the board for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Corporation shall be placed out or invested or for any loss or damage arising from the bankruptcy, insolvency, or tortious act of any person, firm or corporation with whom or which any moneys, securities or effects of the Corporation shall be lodged or deposited or for any loss occasioned by any error of judgment or oversight on his or her part, or for any other loss, damage or misfortune whatsoever which may happen in the execution of the duties of his or her respective office or trust or in relation thereto, unless the same are occasioned by his or her own wilful neglect or default; provided that nothing

herein shall relieve any director or officer from the duty to act in accordance with the Act and the regulations thereunder or from liability for any breach thereof.

ARTICLE 9 - FOR THE PROTECTION OF DIRECTORS AND OFFICERS

9.1 Indemnification by Corporation

(a) The Corporation shall indemnify a director or officer of the Corporation, a former director or officer of the Corporation, or another individual who acts or acted at the Corporation's request as a director or officer, or an individual acting in a similar capacity, or another entity, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative investigative or other proceeding in which the individual is involved because of that association with the Corporation or other entity.

(b) The Corporation shall advance money to a director, officer or other individual for the costs, charges and expenses of a proceeding referred to in subsection 9.1(a) of this by-law, but the individual shall repay the money to the Corporation if the individual does not fulfil the conditions set out in subsection 9.1(c) of this by-law.

(c) The Corporation shall not indemnify an individual identified in subsection 9.1(a) of this by-law unless:

(i) the individual acted honestly and in good faith with a view to the best interests of the Corporation or, as the case may be, to the best interests of the other entity for which the individual acted as a director or officer or in a similar capacity at the Corporation's request; and

(ii) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that his or her conduct was lawful.

(d) The Corporation shall, subject to the approval of the Ontario Superior Court of Justice, indemnify an individual referred to in subsection 9.1(a) of this by-law, or advance moneys under subsection 9.1(b) of this by-law, in respect of an action by or on behalf of the Corporation or other entity to obtain a judgment in its favour, to which the individual is made a party because of the individual's association with the Corporation or other entity as described in subsection 9.1(a) of this by-law, against all costs, charges and expenses reasonably incurred by the individual in connection with such action, if the individual fulfils the conditions set out in clauses 9.1(c)(i) and 9.1(c)(ii) of this by-law.

(e) Notwithstanding anything in this Article, an individual referred to in subsection 9.1(a) of this by-law is entitled to indemnity from the Corporation in respect of all costs, charges and expenses reasonably incurred by the individual in connection with the defence of any civil, criminal, administrative, investigative or other proceeding to which the individual is made a party because of the individual's association with the Corporation or other entity as described in subsection 9.1(a) of this by-law, if the individual seeking the indemnity:

(i) was not judged by a court or other competent authority to have committed any fault or omitted to do anything that the individual ought to have done; and

(ii) fulfils the conditions set out in clauses 9.1(c)(i) and 9.1(c)(ii) of this by-law.

(f) The Corporation shall also indemnify an individual referred to in subsection 9.1(a) of this by-law in such other circumstances as the Act or the law permits or requires. Nothing in these by-laws shall limit the right of any person entitled to claim indemnity apart from the provisions of these by-laws.

(g) The Corporation may from time to time enter into agreements pursuant to which the Corporation agrees to indemnify one or more persons in accordance with the provisions of this section.

9.2 **Insurance**

The Corporation may, from time to time as the Board may determine, purchase and maintain insurance for the benefit of an individual referred to in subsection 9.1(a) of this by-law against any liability incurred by the individual:

(i) in the individual's capacity as a director or officer of the Corporation; or

(ii) in the individual's his or her capacity as a director or officer, or a similar capacity, of another entity, of the individual acts or acted in that capacity at the Corporation's request.

9.3 **Directors' Expenses**

The directors shall be reimbursed for their out-of-pocket expenses incurred in attending board, committee or shareholders' meetings or otherwise in respect of the performance by them of their duties and no confirmation by the shareholders of any such reimbursement shall be required.

9.4 **Performance of Services for Corporation**

Subject to Article 8 of this by-law, if any director or officer shall be employed by or shall perform services for the Corporation otherwise than as a director or officer or shall be a member of a firm or a shareholder, director or officer of a body corporate which is employed by or performs services for the Corporation, the fact of his or her being a director or officer shall not disentitle such director or officer or such firm or company, as the case may be, from receiving proper remuneration for such services.

ARTICLE 10 - INTEREST OF DIRECTORS AND OFFICERS IN CONTRACTS

10.1 **Disclosure of Interest**

A director or officer who:

(i) is a party to a material contract or transaction or proposed material contract or transaction with the Corporation; or

(ii) is a director or an officer of, or has a material interest in, any person who is a party to a material contract or transaction or proposed material contract or transaction with the Corporation,

shall disclose in writing to the Corporation or request to have entered in the minutes of meetings of directors the nature and extent of his or her interest.

10.2 **Time of Disclosure by Director**

The disclosure required by section 10.1 of this by-law shall be made, in the case of a director:

(i) at the meeting at which a proposed contract or transaction is first considered;

(ii) if the director was not then interested in a proposed contract or transaction, at the first meeting after he becomes so interested;

(iii) if the director becomes interested after a contract is made or a transaction is entered into, at the first meeting after he becomes so interested; or

(iv) if a person who is interested in a contract or transaction later becomes a director, at the first meeting after he becomes a director.

10.3 **Time of Disclosure by Officer**

The disclosure required by section 10.1 of this by-law shall be made, in the case of an officer who is not a director:

(i) forthwith after he becomes aware that the contract or transaction or proposed contract or transaction is to be considered or has been considered at a meeting of directors;

(ii) if the officer becomes interested after a contract is made or a transaction is entered into, forthwith after he becomes so interested; or

(iii) if a person who is interested in a contract or transaction later becomes an officer, forthwith after he becomes an officer.

10.4 **Time of Disclosure in Extraordinary Cases**

Notwithstanding sections 10.2 and 10.3 of this by-law, where section 10.1 of this by-law applies to a director or officer in respect of a material contract or transaction or proposed material contract or transaction that, in the ordinary course of the Corporation's business, would not require approval by the directors or shareholders, the director or officer shall disclose in writing to the Corporation or request to have entered in the minutes of meetings of directors the nature and extent of his or her interest forthwith after the director or officer becomes aware of the contract or transaction or proposed contract or transaction.

10.5 **Voting by Interested Director**

A director referred to in section 10.1 of this by-law shall not attend any part of a meeting of directors during which the contract or transaction is discussed and shall not vote on any resolution to approve the contract or transaction unless the contract or transaction is:

(i) one relating primarily to his or her remuneration as a director of the Corporation or an affiliate;

(ii) one for indemnity or insurance pursuant to the provisions of the Act; or

(iii) one with an affiliate.

10.6 **Nature of Disclosure**

For the purposes of this Article, a general notice to the directors by a director or officer disclosing that he or she is a director or officer of or has a material interest in a person, or that there has been a material change in the director's or officer's interest in the person, and is to be regarded as interested in any contract made or any transaction entered into with that person, is a sufficient disclosure of interest in relation to any such contract or transaction.

10.7 **Effect of Disclosure**

Where a material contract is made or a material transaction is entered into between the Corporation and a director or officer of the Corporation, or between the Corporation and another person of which a director or officer of the Corporation is a director or officer or in which he has a material interest:

(i) the director or officer is not accountable to the Corporation or its shareholders for any profit or gain realized from the contract or transaction; and

(ii) the contract or transaction is neither void nor voidable,

by reason only of that relationship or by reason only that the director is present at or is counted to determine the presence of a quorum at the meeting of directors that authorized the contract or transaction, if the director or officer disclosed his or her interest in accordance with sections 10.2, 10.3, 10.4 or 10.6 of this by-law, as the case may be, and the contract or transaction was reasonable and fair to the Corporation at the time it was so approved.

10.8 **Confirmation by Shareholders**

Notwithstanding anything in this Article, a director or officer, acting honestly and in good faith, is not accountable to the Corporation or to its shareholders for any profit or gain realized from any such contract or transaction by reason only of his or her holding the office of director or officer, and the contract or transaction, if it was reasonable and fair to the Corporation at the time it was approved, is not by reason only of the director's or officer's interest therein void or voidable, where:

(i) the contract or transaction is confirmed or approved by special resolution at a meeting of the shareholders duly called for that purpose; and

(ii) the nature and extent of the director's or officer's interest in the contract or transaction are disclosed in reasonable detail in the notice calling the meeting or in the information circular required pursuant to the provisions of the Act.

ARTICLE 11 – OFFICERS

11.1 **Officers**

Subject to the articles and by-laws, the board may, annually or as often as may be required, by resolution appoint a President or Chairman of the Board and a Secretary. In addition, the board may from time to time by resolution appoint such other officers as the board determines to be necessary or advisable in the interests of the Corporation, which officers shall, subject to the Act, have such authority and perform such duties as may from time to time be

prescribed by resolution of the board. None of the said officers, other than the Chairman of the Board, need be a member of the board. Any two or more offices of the Corporation may be held by the same person, except those of President and Vice-President. If the same person holds both the office of Secretary and the office of Treasurer, he may be known as Secretary-Treasurer.

11.2 **Appointment of President or Chairman of the Board and Secretary**

At the first meeting of the board after each annual meeting of shareholders, the board may appoint a President or Chairman of the Board and a Secretary.

11.3 **Remuneration and Removal of Officers**

The remuneration of all officers shall be determined from time to time by the board. The fact that any officer is a director or shareholder shall not disqualify him or her from receiving such remuneration as may be so determined. All officers shall be subject to removal by resolution of the board at any time.

11.4 **Duties of Officers may be Delegated**

In case of the absence or inability to act of the Chairman of the Board or the President, or any other officer of the Corporation, or for any other reason that the board may deem sufficient, the board may delegate the powers of such officer to any other officer or to any director for the time being.

11.5 **Chairman of the Board**

The Chairman of the Board shall, if present, preside at all meetings of directors and shareholders. He shall sign all instruments which require his or her signature and shall perform all duties incident to his or her office, and shall have such other powers and perform such other duties as may from time to time be prescribed by resolution of the board.

11.6 **President**

The President shall sign all instruments which require his or her signature and shall perform all duties incident to his or her office, and shall have such other powers and perform such other duties as may from time to time be prescribed by resolution of the board.

11.7 **General Manager**

The General Manager shall have such authority to manage the business of the Corporation and perform such duties as may from time to time be prescribed by resolution of the board.

11.8 **Vice-President**

During the President's absence or inability or refusal to act, the President's duties may be performed and his or her powers may be exercised by the Vice-President, or if there are more than one, by the Vice-Presidents in order of seniority or designation (as determined by the board), except that no Vice-President shall preside at a meeting of the board unless he is a director. A Vice-President shall also have such other authority and perform such other duties as may from time to time be prescribed by resolution of the board.

11.9 **Secretary**

The Secretary shall give, or cause to be given, all notices required to be given to shareholders, directors, auditors and members of any committee. He shall enter or cause to be entered in the books kept for that purpose minutes of all proceedings at meetings of directors and of shareholders. He shall be the custodian of the seal (if any) of the Corporation and of all books, papers, records, documents and other instruments belonging to the Corporation. The Secretary shall have such other authority and perform such other duties as may from time to time be prescribed by resolution of the board.

11.10 **Treasurer**

The Treasurer shall have the care and custody of all the funds and securities of the Corporation and shall deposit the same in the name of the Corporation in such bank or banks or with such depositary or depositaries as the board may by resolution direct. He shall at all reasonable times exhibit his or her books and accounts to any director upon application at the office of the Corporation during business hours. He shall sign or countersign such instruments as require his or her signature and shall perform all duties incident to his or her office or that are properly required of him or her by resolution of the board. He may be required to give such bond for the faithful performance of his or her duties as the board in its uncontrolled discretion may require but no director shall be liable for failure to require any bond or for the insufficiency of any bond or for any loss by reason of the failure of the Corporation to receive any indemnity thereby provided. The Treasurer shall also have such other authority and perform such other duties as may from time to time be prescribed by resolution of the board.

11.11 **Assistant Secretary and Assistant Treasurer**

(a) During the Secretary's absence or inability or refusal to act, the Assistant Secretary shall perform all the duties of the Secretary. The Assistant Secretary shall also have such other authority and perform such other duties as may from time to time be prescribed by resolution of the board.

(b) During the Treasurer's absence or inability or refusal to act, the Assistant Treasurer shall perform all the duties of the Treasurer. The Assistant Treasurer

shall also have such other authority and perform such other duties as may from time to time be prescribed by resolution of the board.

11.12 **Delegation of Board Powers**

In accordance with the by-laws and subject to the provisions of the Act, the board may from time to time by resolution delegate to any officer or officers power to manage the business and affairs of the Corporation.

11.13 **Vacancies**

If any office of the Corporation shall for any reason be or become vacant, the directors by resolution may appoint a person to fill such vacancy.

11.14 **Variation of Powers and Duties**

Notwithstanding the foregoing, the board may from time to time and subject to the provisions of the Act, add to or limit the powers and duties of an office or of an officer occupying any office.

11.15 **Chief Executive Officer**

(a) The board may by resolution designate any one of the officers (including the Chairman of the Board, if any) as the Chief Executive Officer of the Corporation and may from time to time by resolution rescind any such designation and designate another officer as the Chief Executive Officer of the Corporation.

(b) The officer designated as the Chief Executive Officer of the Corporation pursuant to subsection (a) of this section shall exercise general supervision over the affairs of the Corporation.

ARTICLE 12 - MEETINGS OF SHAREHOLDERS

12.1 **Calling of Meetings**

A meeting of shareholders may be called at any time by resolution of the board or by the Chairman of the Board or by the President, and the Secretary shall cause notice of a meeting of shareholders to be given when directed so to do by resolution of the board or by the Chairman of the Board or by the President.

12.2 **Annual Meeting**

Subject to the provisions of the Act, the Corporation shall hold an annual meeting of shareholders not later than eighteen (18) months after the Corporation comes into existence and subsequently not later than fifteen (15) months after holding the last preceding annual meeting

for the purpose of considering the financial statements and the auditor's report, electing directors and appointing auditors.

12.3 **Special Meeting**

Subject to the provisions of the Act, a special meeting of shareholders may be called at any time and may be held in conjunction with an annual meeting of shareholders.

12.4 **Place of Meetings**

Subject to the articles, a meeting of shareholders shall be held at such place in or outside Ontario as the directors determine or, in the absence of such a determination, at the place where the registered office of the Corporation is located.

12.5 **Notice**

Notice of the time and place of each meeting of shareholders shall be given in the manner provided in section 17.1 in this by-law, in the case of an offering Corporation, not less than twenty one (21) days, and in the case of any other Corporation, not less than ten (10) days, but, in either case, not more than fifty (50) days, before the date of the meeting to each director, to the auditor and to each shareholder entitled to vote at such meeting. A notice of a meeting is not required to be sent to shareholders who were not registered on the records of the Corporation or its transfer agent on the record date determined under subsection 12.9(a) of this by-law but failure to receive a notice does not deprive a shareholder of the right to vote at the meeting.

12.6 **Contents of Notice**

The notice of a meeting of shareholders shall state the day, hour and place of the meeting, and shall state or be accompanied by a statement of

(i) the nature of any special business to be transacted at the meeting in sufficient detail to permit a shareholder to form a reasoned judgment thereon, and

(ii) the text of any special resolution or by-law to be submitted to the meeting.

For the purposes of this section "special business" includes all business transacted at a special meeting of shareholders and all business transacted at an annual meeting of shareholders, except consideration of the minutes of an earlier meeting, the financial statements and auditor's report, election of directors and reappointment of the incumbent auditor.

12.7 **Waiver of Notice**

A shareholder and any other person entitled to attend a meeting of shareholders may in any manner and at any time waive notice of a meeting of shareholders, and attendance of any such person at a meeting of shareholders is a waiver of notice of the meeting, except where he

attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

12.8 **Notice of Adjourned Meetings**

(a) If a meeting of shareholders is adjourned for less than thirty (30) days, it is not necessary to give notice of the adjourned meeting other than by announcement at the earliest meeting that is adjourned.

(b) If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of thirty (30) days or more, notice of the adjourned meeting shall be given as for an original meeting.

12.9 **Record Date for Notice**

(a) The directors may by resolution fix in advance a time and date as the record date for the determination of the shareholders entitled to receive notice of a meeting of the shareholders, which record date shall not precede by more than fifty (50) days or by less than twenty one (21) days the date on which the meeting is to be held. Where no such record date for the determination of the shareholders entitled to notice of a meeting of the shareholders is fixed by the directors as aforesaid, such record date shall be:

(i) at the close of business on the day immediately preceding the day on which notice of such meeting is given, or

(ii) if no notice is given, the day on which the meeting is held;

(b) If a record date is fixed pursuant to subsection (a) of this section, unless notice of the record date is waived in writing by every holder of a share of the class or series affected whose name is set out in the securities register at the close of business on the day the directors fix the record date, notice thereof shall be given, not less than seven days before the date so fixed, in accordance with section 15.3 hereof.

12.10 **Omission of Notice**

Subject to the provisions of the Act, the accidental omission to give notice of any meeting of shareholders to any person entitled thereto or the non-receipt of any notice by any such person shall not invalidate any resolution passed or any proceedings taken at any meeting of shareholders.

12.11 **List of Shareholders**

(a) The Corporation shall prepare a list of shareholders entitled to receive notice of a meeting, arranged in alphabetical order and showing the number of shares held by each shareholder, which list shall be prepared:

(i) if a record date is fixed under subsection 12.9(a) of this by-law not later than ten days after such record date; or

(ii) if no record date is fixed,

(A) at the close of business on the day immediately preceding the day on which notice is given, or

(B) where no notice is given, on the day on which the meeting is held.

(b) A shareholder may examine the list of shareholders,

(i) during usual business hours at the registered office of the Corporation or at the place where its central securities register is maintained, and

(ii) at the meeting of shareholders for which the list was prepared.

12.12 **Shareholders Entitled to Vote**

Where the Corporation fixes a record date under subsection 12.9(a) of this by-law, a person named in the list prepared under section 12.11 of this by-law is entitled to vote the shares shown opposite his or her name at the meeting to which the list relates.

12.13 **Persons Entitled to be Present**

The only persons entitled to attend a meeting of shareholders shall be those entitled to vote thereat and the President, the Secretary, the directors, the scrutineer or scrutineers and the auditor and others who, although not entitled to vote, are entitled or required under any provision of the Act or the articles or the by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

12.14 **Proxies**

(a) Every shareholder entitled to vote at a meeting of shareholders may by means of a proxy appoint a proxyholder, or one or more alternate proxyholders, who need not be shareholders, as his or her nominee to attend and act at the meeting in the manner, to the extent and with the authority conferred by the proxy.

(b) A proxy shall be executed by the shareholder or his or her attorney authorized in writing or, if the shareholder is a body corporate, by an officer or attorney thereof duly authorized and shall conform with the requirements of the Act.

12.15 **Revocation of Proxies**

A shareholder may revoke a proxy

(i) by depositing an instrument in writing executed by him or her or by his or her attorney authorized in writing,

(A) at the registered office of the Corporation at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used, or

(B) with the chairman of the meeting on the day of the meeting or an adjournment thereof; or

(ii) in any other manner permitted by law.

12.16 **Deposit of Proxies**

The directors may by resolution fix a time not exceeding forty-eight (48) hours, excluding Saturdays and holidays, preceding any meeting or adjourned meeting of shareholders before which time proxies to be used at that meeting must be deposited with the Corporation or an agent thereof, and any period of time so fixed shall be specified in the notice calling the meeting.

12.17 **Joint Shareholders**

Where two (2) or more persons hold shares jointly, one of those holders present at a meeting of shareholders may in the absence of the others vote the shares, but if two (2) or more of those persons are present, in person or by proxy, they shall vote as one on the shares jointly held by them.

12.18 **Chairman and Secretary**

(a) The chairman of any meeting of shareholders shall be the first mentioned of such of the following officers as have been appointed and who is present at the meeting: Chairman of the Board, President or, in the absence of the aforesaid officers, a Vice-President who is a director. If there is no such officer or if at a meeting none of them is present within fifteen (15) minutes after the time appointed for the holding of the meeting the shareholders present shall choose a person from their number to be the chairman.

(b) The Secretary shall be the secretary of any meeting of shareholders, but if the Secretary is absent, the chairman shall appoint some person who need not be a shareholder to act as secretary of the meeting.

12.19 **Scrutineers**

The chairman of any meeting of shareholders may appoint one or more persons to act as scrutineer or scrutineers at such meeting and in that capacity to report to the chairman such information as to attendance, representation, voting and other matters at the meeting as the chairman shall direct.

12.20 **Votes to Govern**

At all meetings of shareholders every question shall, unless otherwise required by law, the articles or the by-laws, be determined by the majority of the votes duly cast on the question. In case of an equality of votes, the chairman presiding at the meeting shall not have a second or casting vote in addition to the vote or votes to which he may be entitled as a shareholder.

12.21 **Show of Hands**

At all meetings of shareholders, every question submitted to the meeting shall be decided by a show of hands unless a ballot thereon is required by the chairman or is demanded by a shareholder or proxyholder present and entitled to vote. Upon a show of hands every person present who is either a shareholder entitled to vote or the duly appointed proxyholder of such a shareholder shall have one vote. Before or after a vote by a show of hands has been taken upon any question, the chairman may require, or any shareholder or proxyholder present and entitled to vote may demand, a ballot thereon. Unless a ballot is demanded, an entry in the minutes of a meeting of shareholders to the effect that the chairman declared a motion to be carried is admissible in evidence as prima facie proof of the fact without proof of the number or proportion of the votes recorded in favour of or against the motion.

12.22 **Ballots**

If a ballot is required by the chairman of the meeting or is duly demanded by any shareholder or proxyholder and the demand is not withdrawn, a ballot upon the question shall be taken in such manner and at such time as the chairman of the meeting shall direct.

12.23 **Votes on Ballots**

Unless the articles otherwise provide, upon a ballot each shareholder who is present in person or represented by proxy shall be entitled to one vote for each share in respect of which he is entitled to vote at the meeting and the result of the ballot shall be the decision of the meeting.

12.24 **Adjournment**

The chairman presiding at a meeting of shareholders may, with the consent of the meeting and subject to such conditions as the meeting decides, adjourn the meeting from time to time and from place to place and, subject to the provisions of the Act and subsection 12.8(b) of this by-law no notice of such adjournment or of the adjourned meeting need be given to the shareholders. Subject to the provisions of the Act, any business may be brought before or dealt with at any adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling such meeting.

12.25 **Quorum**

At any meeting of shareholders, two (2) individuals present in person, each of whom is either a shareholder entitled to attend and vote at such meeting or the proxyholder of such a shareholder appointed by means of a valid proxy, shall be a quorum for the choice of a chairman (if required) and for the adjournment of the meeting. For all other purposes a quorum for any meeting of shareholders (unless a greater number of shareholders and/or a greater number of shares are required by the Act or by the articles or the by-laws) shall be two (2) individuals present in person, each of whom is either a shareholder entitled to attend and vote at such meeting or the proxyholder of such a shareholder appointed by means of a valid proxy, holding or representing by proxy not less than 5% of the total number of the issued shares of the Corporation for the time being enjoying voting rights at such meeting. No business shall be transacted at any meeting of shareholders while the requisite quorum is not present.

12.26 **Only One Shareholder**

Where the Corporation has only one shareholder, or only one holder of any class or series of shares, that shareholder present in person or by proxy constitutes a meeting.

ARTICLE 13 - SHARES AND TRANSFERS

13.1 **Issuance**

Subject to the provisions of the Act and the articles, shares of the Corporation may be issued at such time and to such persons and for such consideration as the directors may by resolution determine, but no share shall be issued until it is fully paid in money or in property or past service that is not less in value than the fair equivalent of the money that the Corporation would have received if the share had been issued for money.

13.2 **Commissions**

The directors may from time to time authorize the Corporation to pay a reasonable commission to any person in consideration of his or her purchasing or agreeing to purchase

shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares.

13.3 **Register of Transfers**

Subject to the Ontario *Securities Transfer Act, 2006* (the "**STA**"), no transfer of a share shall be registered in a securities register except upon presentation of the certificate, if any, issued by the Corporation, representing the share with an endorsement which complies with the STA made on or delivered with it, duly executed by an appropriate person as provided by the STA, together with such reasonable assurance that the endorsement is genuine and effective as the Board may from time to time prescribe, on payment of all applicable taxes and any reasonable fees prescribed by the Board, on compliance with the restrictions on issue, transfer or ownership authorized by the Articles or any Unanimous Shareholder Agreement and on satisfaction of any lien referred to in Section 13.4 of these by-laws.

13.4 **Lien on Shares**

Except where it has shares listed on a stock exchange recognized by the Ontario Securities Commission, subject to the provisions of the Act, the Corporation has a lien on a share registered in the name of a shareholder or his or her legal representative for a debt of that shareholder to the Corporation. Such lien may be enforced by the Corporation in any manner permitted by law.

13.5 **Share Certificates**

(a) Unless otherwise provided in the Articles, the Board may provide by resolution that all or any classes and series of shares or other securities shall be uncertificated securities, provided that such resolution shall not apply to securities represented by a certificate until such certificate is surrendered to the Corporation.

(b) Subject to subsection 13.5(a) of these by-laws, every holder of one or more securities of the Corporation is entitled at his or her option to a security certificate or to a non-transferable written acknowledgement of his or her right to obtain a security certificate from the Corporation, stating the number, class or series of securities held by him or her as shown in the securities register. The certificates shall be in such form as the Board may from time to time approve and need not be under corporate seal. Unless otherwise ordered by the Board, any such certificate shall be signed manually.

(c) Share certificates and acknowledgements of a shareholder's right to a share certificate, respectively, shall (subject to compliance with the provisions of the Act) be in such form as the directors may from time to time by resolution approve and, unless otherwise provided by resolution of the board, such certificates and acknowledgements may be signed by any two of the following officers: the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer,

the President, the Secretary or a Vice-President holding office at the time of the signing, and notwithstanding any change in the persons holding such offices between the time of actual signing and the issuance of any certificate or acknowledgement and notwithstanding that the signing officer may not have held office at the date of the issuance of such certificate or acknowledgment, any such certificate or acknowledgement so signed shall be valid and binding upon the Corporation.

(d) Notwithstanding the provisions of section 2.4 of this by-law, the signature of the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer, the President or a Vice-President may be printed, engraved, lithographed or otherwise mechanically reproduced upon certificates and acknowledgements for shares of the Corporation, and certificates and acknowledgements so signed shall be deemed to have been manually signed by the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer, the President or a Vice-President whose signature is so printed, engraved, lithographed or otherwise mechanically reproduced thereon and shall be as valid as if they had been signed manually. Where the Corporation has appointed a transfer agent pursuant to subsection 13.6(a) of this by-law the signature of the Secretary or Assistant Secretary may also be printed, engraved, lithographed or otherwise mechanically reproduced, and when countersigned by or on behalf of a transfer agent, share certificates and acknowledgements so signed shall be as valid as if they had been signed manually.

13.6 **Transfer Agent**

(a) For each class of securities and warrants issued by it, the Corporation may, from time to time, appoint or remove

(i) a trustee, transfer agent or other agent to keep the securities register and the register of transfers and one or more persons or agents to keep branch registers; and

(ii) a registrar, trustee or agent to maintain a record of issued security certificates and warrants;

and the person or persons appointed pursuant to this subsection shall be referred to in this by-law as a “transfer agent”.

(b) Subject to compliance with the provisions of the Act, the directors may by resolution provide for the transfer and the registration of transfers of shares of the Corporation in one or more places. A transfer agent shall keep all necessary books and registers of the Corporation for the registration and transfer of such shares of the Corporation. All share certificates issued by the Corporation for

shares for which a transfer agent has been appointed as aforesaid shall be countersigned by or on behalf of the said transfer agent.

13.7 **Transfer of Shares**

Subject to the restrictions on transfer set forth in the articles, shares of the Corporation shall be transferable on the books of the Corporation in accordance with the applicable provisions of the Act.

13.8 **Defaced, Destroyed, Stolen or Lost Certificates**

Where the owner of a share or shares of the Corporation claims that the certificate for such share or shares has been lost, apparently destroyed or wrongfully taken, the Corporation shall issue a new share certificate in place of the original share certificate if such owner

(i) so requests before the Corporation has notice that shares represented by the original certificate have been acquired by a bona fide purchaser;

(ii) files with the Corporation an indemnity bond sufficient in the Corporation's opinion to protect the Corporation and any transfer agent from any loss that it or any of them may suffer by complying with the request to issue a new share certificate; and

(iii) satisfies any other reasonable requirements imposed by the Corporation.

13.9 **Joint Shareholders**

If two (2) or more persons are registered as joint holders of any share or shares, the Corporation is not bound to issue more than one share certificate in respect thereof and delivery of a share certificate to one of such persons is sufficient delivery to all of them.

13.10 **Deceased Shareholders**

In the event of the death of a holder, or of one of the joint holders, of any share, the Corporation shall not be required to make any entry in the securities register or register of transfers in respect thereof or to make payment of any dividends thereon except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation or any of its transfer agents.

ARTICLE 14 - DIVIDENDS

14.1 **Declaration of Dividends**

Subject to the provisions of the Act and the articles, the directors may from time to time declare and the Corporation may pay dividends to the shareholders according to their respective

rights and interests in the Corporation. Dividends may be paid in money or property or by issuing fully paid shares of the Corporation or options or rights to acquire fully paid shares of the Corporation.

14.2 **Joint Shareholders**

(a) In case several persons are registered as joint holders of any share or shares of the Corporation, the cheque for any dividend payable to such joint holders shall, unless such joint holders otherwise direct, be made payable to the order of all such joint holders and if more than one address appears on the books of the Corporation in respect of such joint holding the cheque shall be mailed to the first address so appearing.

(b) In case several persons are registered as the joint holders of any share or shares of the Corporation, any one of such persons may give effectual receipts for all dividends and payments on account of dividends on such shares and/or payments in respect of the redemption of such shares.

ARTICLE 15 - RECORD DATES

15.1 **Fixing Record Dates**

For the purpose of determining shareholders:

(i) entitled to receive payment of a dividend;

(ii) entitled to participate in a liquidation or distribution; or

(iii) for any other purpose except the right to receive notice of or to vote at a meeting,

the directors may fix in advance a date as the record date for such determination of shareholders, but such record date shall not precede by more than fifty (50) days the particular action to be taken.

15.2 **No Record Date Fixed**

If no record date is fixed pursuant to section 15.1 hereof, the record date for the determination of shareholders for any purpose other than to establish a shareholder's right to receive notice of a meeting or to vote shall be at the close of business on the day on which the directors pass the resolution relating thereto.

15.3 **Notice of Record Date**

If a record date is fixed, unless notice of the record date is waived in writing by every holder of a share of the class or series affected whose name is set out in the securities register at

the close of business on the day the directors fix the record date, notice thereof shall be given, not less than seven days before the date so fixed:

(i) by advertisement in a newspaper published or distributed in the place where the Corporation has its registered office and in each place in Canada where it has a transfer agent or where a transfer of its shares may be recorded; and

(ii) by written notice to each stock exchange in Canada on which the shares of the Corporation are listed for trading.

15.4 **Effect of Record Date**

In every case where a record date is fixed pursuant to section 15.1 hereof in respect of the payment of a dividend, the making of a liquidation distribution or the issue of warrants or other rights to subscribe for shares or other securities, only shareholders of record at the record date shall be entitled to receive such dividend, liquidation distribution, warrants or other rights.

ARTICLE 16 - CORPORATE RECORDS AND INFORMATION

16.1 **Keeping of Corporate Records**

(a) The Corporation shall prepare and maintain, at its registered office or at such other place in Ontario designated by the directors:

(i) the articles and the by-laws and all amendments thereto:

(ii) minutes of meetings and resolutions of shareholders;

(iii) a register of directors in which are set out the names and residence addresses, while directors, including the street and number, if any, of all persons who are or have been directors with the several dates on which each became or ceased to be a director;

(iv) a securities register in which are recorded the securities issued by the Corporation in registered form, showing with respect to each class or series of securities

(A) the names, alphabetically arranged, of persons who,

(1) are or have been within six years registered as shareholders and the address including the street and number, if any, of every such person while a holder, and the number and class of shares registered in the name of such holder,

(2) are or have been within six years registered as holders of debt obligations of the Corporation and the address including the street and number, if any, of every such person while a holder, and the class or series and principal amount of the debt obligations registered in the name of such holder, or

(3) are or have been within six years registered as holders of warrants of the Corporation, other than warrants exercisable within one year from the date of issue and the address including the street and number, if any, of every such person while a registered holder, and the class or series and number of warrants registered in the name of such holder; and

(B) the date and particulars of the issue of each security and warrant.

(b) In addition to the records described in subsection (a) of this section, the Corporation shall prepare and maintain adequate accounting records and records containing minutes of meetings and resolutions of the directors and any committee. The records described in this subsection shall be kept at the registered office of the Corporation or at such other place in Ontario as is designated by the directors and shall be open to examination by any director during normal business hours of the Corporation.

(c) The Corporation shall also cause to be kept a register of transfers in which all transfers of securities issued by the Corporation in registered form and the date and other particulars of each transfer shall be set out.

16.2 **Access to Corporate Records**

Shareholders and creditors of the Corporation and their agents and legal representatives may examine the records referred to in subsection 16.1(a) of this by-law during the usual business hours of the Corporation and may take extracts therefrom, free of charge. If the Corporation is an offering corporation, any other person may examine such records during the usual business hours of the Corporation and may take extracts therefrom upon payment of a reasonable fee.

16.3 **Copies of Certain Corporate Records**

A shareholder is entitled upon request and without charge to one copy of the articles and by-laws.

16.4 **Report to Shareholders**

A copy of the financial statements of the Corporation, a copy of the auditor's report, if any, to the shareholders and a copy of any further information respecting the financial position of the Corporation and the results of its operations required by the articles and the by-laws which are to be placed before an annual meeting of shareholders pursuant to the Act shall be sent to each shareholder not less than ten (10) days before such annual meeting of shareholders (or, if the Corporation is an offering Corporation, not less than twenty-one (21) days) or before the signing of a resolution in accordance with the Act in lieu of such annual meeting, except to a shareholder who has informed the Corporation in writing that he does not wish to receive a copy of those documents.

16.5 **No Discovery of Information**

Except as specifically provided for in this Article, and subject to all applicable law, no shareholder shall be entitled to or to require discovery of any information respecting any details or conduct of the Corporation's business which in the opinion of the directors would be inexpedient or inadvisable in the interests of the Corporation to communicate to the public.

16.6 **Conditions for Inspection**

The board may from time to time by resolution determine whether and to what extent and at what times and place and under what conditions or regulations the accounts and books of the Corporation or any of them shall be open to the inspection of shareholders, and no shareholder shall have any right to inspect any account or book or document of the Corporation, except as specifically provided for in this Article or as otherwise provided for by statute or as authorized by resolution of the board.

ARTICLE 17 - NOTICES

17.1 **Method of Giving**

Any notice, communication or other document to be sent or given by the Corporation to a shareholder, director, officer, or auditor of the Corporation under any provision of the Act, the articles or by-laws shall be sufficiently sent and given if delivered personally to the person to whom it is to be given or if delivered to his or her last address as shown in the records of the Corporation or its transfer agent or if mailed by prepaid ordinary mail or air mail in a sealed envelope addressed to him or her at his or her last address as shown on the records of the Corporation or its transfer agent or if sent by any means of wire or wireless or any other form of transmitted or recorded communication. The Secretary may change the address on the records of the Corporation of any shareholder in accordance with any information believed by him or her to be reliable. A notice, communication or document so delivered shall be deemed to have been sent and given when it is delivered personally or delivered at the address aforesaid. A notice, communication or document so mailed shall be deemed to have been sent and given on the day it

is deposited in a post office or public letter box and shall be deemed to be received by the addressee on the fifth day after such mailing. A notice sent by any means of wire or wireless or any other form of transmitted or recorded communication shall be deemed to have been given when delivered to the appropriate communication corporation or agency or its representative for dispatch.

17.2 **Shares Registered in More Than One Name**

All notices or other documents with respect to any shares of the Corporation registered in the names of two or more persons as joint shareholders shall be addressed to all of such persons and sent to the address or addresses for such persons as shown in the records of the Corporation or its transfer agent but notice to one of such persons shall be sufficient notice to all of them.

17.3 **Persons Becoming Entitled by Operation of Law**

Subject to the provisions of the Act, every person who by operation of law, transfer or by any other means whatsoever shall become entitled to any share or shares of the Corporation shall be bound by every notice or other document in respect of such share or shares which previous to his or her name and address being entered on the records of the Corporation shall be duly given to the person or persons from whom he derives his or her title to such share or shares.

17.4 **Deceased Shareholder**

Any notice or document delivered or sent by mail or left at the address of any shareholder as such address appears on the records of the Corporation shall, notwithstanding that such shareholder is then deceased and whether or not the Corporation has notice of his or her death, be deemed to have been duly given or served in respect of the shares whether held solely or jointly with other persons by such shareholder until some other person is entered in his or her stead on the records of the Corporation as the holder or one of the joint holders thereof and such service of such notice shall for all purposes be deemed a sufficient service of such notice or document on his or her heirs, executors or administrators and on all persons, if any, interested with him or her in such shares.

17.5 **Signature to Notice**

The signature, if any, to any notice to be given by the Corporation may be written, stamped, typewritten, printed or otherwise mechanically reproduced in whole or in part.

17.6 **Proof of Service**

A certificate of the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer, the President, a Vice-President, the Secretary or the Treasurer or of any other officer in office at the time of the making of the certificate or of a transfer officer of any transfer agent or branch transfer agent of shares of any class of the Corporation as to facts in relation to the delivery or mailing or service of any notice or other document to any shareholder, director,

officer or auditor or publication of any notice or other document shall, in the absence of evidence to the contrary, be proof thereof.

17.7 **Computation of Time**

Where a given number of days' notice or notice extending over any period is required to be given, the number of days or period shall be computed in accordance with the definition of "day" contained in section 1.1 of this by-law.

17.8 **Waiver of Notice**

Any shareholder (or his or her duly appointed proxyholder), director, officer, auditor or member of a committee may at any time waive any notice, or waive or abridge the time for any notice, required to be given to him or her under any provisions of the Act, the articles, the by-laws or otherwise and such waiver or abridgement shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a meeting of shareholders or of the board which may be given in any manner.

ARTICLE 18 - REPEAL OF FORMER BY-LAWS

18.1 **Repeal ~~of By-law No. 1A~~**

~~By-law No. 1A~~All previous by-laws of the Corporation ~~is~~are repealed as of the coming into force of this ~~By~~by-law ~~No. 2. The~~. Such repeal shall not affect the previous operation of any by-law so repealed or affect the validity of any act done or right, privilege, obligation or liability acquired or incurred under, or the validity of any contract or agreement made pursuant to, or the validity of any articles (as defined in the Act) or predecessor charter documents of the Corporation obtained pursuant to, any such by-law before its repeal. All officers and persons acting under any by-law so repealed shall continue to act as if appointed under the provisions of this by-law and all resolutions of the shareholders or the board or a committee of the board with continuing effect passed under any repealed by-law shall continue to be good and valid except to the extent inconsistent with this by-law and until amended or repealed.

PASSED AND MADE ~~this <*> day of <*>, 2019~~by the board of directors of the Corporation on January 17, 2022 and confirmed by shareholders of the Corporation on February 22, 2022.

~~<*>~~Matthew Hawkins, Chairman and Interim CEO

~~<*>~~Tom DiGiovanni, CFO

APPENDIX U
DISSENT RIGHTS

Rights of dissenting shareholders

185 (1) Subject to subsection (3) and to sections 186 and 248, if a corporation resolves to,

(a) amend its articles under section 168 to add, remove or change restrictions on the issue, transfer or ownership of shares of a class or series of the shares of the corporation;

(b) amend its articles under section 168 to add, remove or change any restriction upon the business or businesses that the corporation may carry on or upon the powers that the corporation may exercise;

(c) amalgamate with another corporation under sections 175 and 176;

(d) be continued under the laws of another jurisdiction under section 181;

(d.1) be continued under the *Co-operative Corporations Act* under section 181.1;

(d.2) be continued under the *Not-for-Profit Corporations Act, 2010* under section 181.2; or

(e) sell, lease or exchange all or substantially all its property under subsection 184 (3), a holder of shares of any class or series entitled to vote on the resolution may dissent.

Idem

(2) If a corporation resolves to amend its articles in a manner referred to in subsection 170 (1), a holder of shares of any class or series entitled to vote on the amendment under section 168 or 170 may dissent, except in respect of an amendment referred to in,

(a) clause 170 (1) (a), (b) or (e) where the articles provide that the holders of shares of such class or series are not entitled to dissent; or

(b) subsection 170 (5) or (6).

One class of shares

(2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares.

Exception

(3) A shareholder of a corporation incorporated before the 29th day of July, 1983 is not entitled to dissent under this section in respect of an amendment of the articles of the corporation to the extent that the amendment,

(a) amends the express terms of any provision of the articles of the corporation to conform to the terms of the provision as deemed to be amended by section 277; or

(b) deletes from the articles of the corporation all of the objects of the corporation set out in its articles, provided that the deletion is made by the 29th day of July, 1986.

Shareholder's right to be paid fair value

(4) In addition to any other right the shareholder may have, but subject to subsection (30), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents becomes effective, to be paid by the corporation the fair value of the shares held

by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted.

No partial dissent

(5) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the dissenting shareholder on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

Objection

(6) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent.

Idem

(7) The execution or exercise of a proxy does not constitute a written objection for purposes of subsection (6).

Notice of adoption of resolution

(8) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (6) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn the objection.

Idem

(9) A notice sent under subsection (8) shall set out the rights of the dissenting shareholder and the procedures to be followed to exercise those rights.

Demand for payment of fair value

(10) A dissenting shareholder entitled to receive notice under subsection (8) shall, within twenty days after receiving such notice, or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing,

(a) the shareholder's name and address;

(b) the number and class of shares in respect of which the shareholder dissents; and

(c) a demand for payment of the fair value of such shares.

Certificates to be sent in

(11) Not later than the thirtieth day after the sending of a notice under subsection (10), a dissenting shareholder shall send the certificates, if any, representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

Idem

(12) A dissenting shareholder who fails to comply with subsections (6), (10) and (11) has no right to make a claim under this section.

Endorsement on certificate

(13) A corporation or its transfer agent shall endorse on any share certificate received under subsection (11) a notice that the holder is a dissenting shareholder under this section and shall return forthwith the share certificates to the dissenting shareholder.

Rights of dissenting shareholder

(14) On sending a notice under subsection (10), a dissenting shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shares as determined under this section except where,

(a) the dissenting shareholder withdraws notice before the corporation makes an offer under subsection (15);

(b) the corporation fails to make an offer in accordance with subsection (15) and the dissenting shareholder withdraws notice; or

(c) the directors revoke a resolution to amend the articles under subsection 168 (3), terminate an amalgamation agreement under subsection 176 (5) or an application for continuance under subsection 181 (5), or abandon a sale, lease or exchange under subsection 184 (8),

in which case the dissenting shareholder's rights are reinstated as of the date the dissenting shareholder sent the notice referred to in subsection (10).

Same

(14.1) A dissenting shareholder whose rights are reinstated under subsection (14) is entitled, upon presentation and surrender to the corporation or its transfer agent of any share certificate that has been endorsed in accordance with subsection (13),

(a) to be issued, without payment of any fee, a new certificate representing the same number, class and series of shares as the certificate so surrendered; or

(b) if a resolution is passed by the directors under subsection 54 (2) with respect to that class and series of shares,

(i) to be issued the same number, class and series of uncertificated shares as represented by the certificate so surrendered, and

(ii) to be sent the notice referred to in subsection 54 (3).

Same

(14.2) A dissenting shareholder whose rights are reinstated under subsection (14) and who held uncertificated shares at the time of sending a notice to the corporation under subsection (10) is entitled,

(a) to be issued the same number, class and series of uncertificated shares as those held by the dissenting shareholder at the time of sending the notice under subsection (10); and

(b) to be sent the notice referred to in subsection 54 (3).

Offer to pay

(15) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (10), send to each dissenting shareholder who has sent such notice,

(a) a written offer to pay for the dissenting shareholder's shares in an amount considered by the directors of the corporation to be the fair value thereof, accompanied by a statement showing how the fair value was determined; or

(b) if subsection (30) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

Idem

(16) Every offer made under subsection (15) for shares of the same class or series shall be on the same terms.

Idem

(17) Subject to subsection (30), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (15) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

Application to court to fix fair value

(18) Where a corporation fails to make an offer under subsection (15) or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as the court may allow, apply to the court to fix a fair value for the shares of any dissenting shareholder.

Idem

(19) If a corporation fails to apply to the court under subsection (18), a dissenting shareholder may apply to the court for the same purpose within a further period of twenty days or within such further period as the court may allow.

Idem

(20) A dissenting shareholder is not required to give security for costs in an application made under subsection (18) or (19).

Costs

(21) If a corporation fails to comply with subsection (15), then the costs of a shareholder application under subsection (19) are to be borne by the corporation unless the court otherwise orders.

Notice to shareholders

(22) Before making application to the court under subsection (18) or not later than seven days after receiving notice of an application to the court under subsection (19), as the case may be, a corporation shall give notice to each dissenting shareholder who, at the date upon which the notice is given,

(a) has sent to the corporation the notice referred to in subsection (10); and

(b) has not accepted an offer made by the corporation under subsection (15), if such an offer was made,

of the date, place and consequences of the application and of the dissenting shareholder's right to appear and be heard in person or by counsel, and a similar notice shall be given to each dissenting shareholder who, after the date of such first mentioned notice and before termination of the proceedings commenced by the application, satisfies the conditions set out in clauses (a) and (b) within three days after the dissenting shareholder satisfies such conditions.

Parties joined

(23) All dissenting shareholders who satisfy the conditions set out in clauses (22) (a) and (b) shall be deemed to be joined as parties to an application under subsection (18) or (19) on the later of the date upon which the application is brought and the date upon which they satisfy the conditions, and shall be bound by the decision rendered by the court in the proceedings commenced by the application.

Idem

(24) Upon an application to the court under subsection (18) or (19), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall fix a fair value for the shares of all dissenting shareholders.

Appraisers

(25) The court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

Final order

(26) The final order of the court in the proceedings commenced by an application under subsection (18) or (19) shall be rendered against the corporation and in favour of each dissenting shareholder who, whether before or after the date of the order, complies with the conditions set out in clauses (22) (a) and (b).

Interest

(27) The court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

Where corporation unable to pay

(28) Where subsection (30) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (26), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

Idem

(29) Where subsection (30) applies, a dissenting shareholder, by written notice sent to the corporation within thirty days after receiving a notice under subsection (28), may,

(a) withdraw a notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder's full rights are reinstated; or

(b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

Idem

(30) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that,

(a) the corporation is or, after the payment, would be unable to pay its liabilities as they become due; or

(b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

Court order

(31) Upon application by a corporation that proposes to take any of the actions referred to in subsection (1) or (2), the court may, if satisfied that the proposed action is not in all the circumstances one that should give rise to the rights arising under subsection (4), by order declare that those rights will not arise upon the taking of the proposed action, and the order may be subject to compliance upon such terms and conditions as the court thinks fit and, if the corporation is an offering corporation, notice of any such application and a copy of any order made by the court upon such application shall be served upon the Commission.

Commission may appear

(32) The Commission may appoint counsel to assist the court upon the hearing of an application under subsection (31), if the corporation is an offering corporation.

APPENDIX V
CHANGE OF AUDITOR REPORTING PACKAGE
(see attached)

NOTICE OF CHANGE OF AUDITOR

TO: **Ontario Securities Commission**
Alberta Securities Commission
British Columbia Securities Commission

AND TO: **MNP LLP**
Armanino LLP

TAKE NOTICE THAT:

(a) MNP LLP has resigned as the auditor of Harborside Inc. (the "**Corporation**") on the auditor's own initiative effective October 26, 2021 and Armanino LLP has been appointed as the Corporation's auditor in their place effective October 27, 2021;

(b) the Corporation's board of directors and audit committee have considered and approved the resignation of MNP LLP and the appointment of Armanino LLP as successor auditor;

(c) there have been no modified opinions expressed in the auditors' reports on the financial statements of the Corporation for the period during which MNP LLP was the Corporation's auditor; and

(d) there are no reportable events, including disagreements, consultations or unresolved issues, as such terms are defined in National Instrument 51-102 *Continuous Disclosure Obligations*.

DATED as of the 27th day of October, 2021.

HARBORSIDE INC.

(s) *"Tom DiGiovanni"*
Name: Tom DiGiovanni
Title: Chief Financial Officer

October 27, 2021

To:

Ontario Securities Commission
Alberta Securities Commission
British Columbia Securities Commission

Dear Sirs/Mesdames:

Re: Harborside Inc. (the "Company")

Notice Pursuant to Section 4.11 of National Instrument 51-102 - Change of Auditor

In accordance with Section 4.11 of National Instrument 51-102 - Continuous Disclosure Obligations, we have reviewed the information contained in the Company's Notice of Change of Auditor dated October 27, 2021, (the "Notice") and agree with the information contained therein, based upon our knowledge of the information relating to the said Notice and of the Company at this time.

Yours truly,

MNP LLP

Chartered Professional Accountants,
Licensed Public Accountants

Armanino LLP
12657 Alcosta Boulevard
Suite 500
San Ramon, CA 94583-4600
925 790 2600 main
925 790 2601 fax
armaninoLLP.com

October 28, 2021

TO: Ontario Securities Commission
British Columbia Securities Commission
Alberta Securities Commission

Re: Harborside Inc. (the "Company") – Change of Auditor

We have reviewed the change of auditor notice (the "Notice") of the Company dated October 27, 2021, which we understand will be filed pursuant to Section 4.11 of National Instrument 51-102 – *Continuous Disclosure Obligations*. We confirm that we are in agreement with statements (a) and (b) in the Notice as such statements relate to Armanino LLP, and we have no basis on which to agree or disagree with statements (c) and (d) in the Notice.

Yours Truly,

ARMANINO LLP

Armanino LLP