



VIREO HEALTH INTERNATIONAL, INC.

ANNUAL INFORMATION FORM

For the year ended December 31, 2019

Dated November 23, 2020

Marijuana is illegal under U.S. federal law and enforcement of relevant laws is a significant risk. See "Risk Factors".

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GENERAL

In this annual information form (“**AIF**” or “**Annual Information Form**”), unless the context otherwise requires, the “**Company**” or “**Vireo**” refers to Vireo Health International, Inc. together with its wholly-owned subsidiaries.

This AIF applies to the business activities and operations of the Company for the year ended December 31, 2019. Unless otherwise indicated, the information in this AIF is given as of the date hereof.

Unless otherwise indicated, all references to “\$” or “US\$” in this AIF refer to United States dollars and all references to “C\$” in this AIF refer to Canadian dollars.

This AIF includes market and industry data that obtained from third-party sources, including industry publications. The Company believes that the industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, the Company has not independently verified any of the data from third-party sources referred to in this AIF or ascertained the underlying economic assumptions relied upon by such sources.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The information provided in this AIF, including information incorporated by reference, may contain “forward-looking statements” about the Company. In addition, the Company may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as “may”, “will”, “would”, “could”, “should”, “believes”, “estimates”, “projects”, “potential”, “expects”, “plans”, “intends”, “anticipates”, “targeted”, “continues”, “forecasts”, “designed”, “goal”, or the negative of those words or other similar or comparable words.

Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as at the date they are made and are based on information currently available and on the then current expectations of the party making the statement and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements, including, but not limited to, the following risks and uncertainties:

- Marijuana remains illegal under U.S. federal law, and enforcement of U.S. cannabis laws could change.
- There is a substantial risk of regulatory or political change.
- The Company may be subject to action by the U.S. federal government through various

government agencies for participation in the cannabis industry.

- U.S. state and local regulation of cannabis is uncertain and changing.
- State regulatory agencies may require the Company to post bonds or significant fees.
- The Company may be subject to heightened scrutiny by United States and Canadian authorities.
- The Company may face state limitations on ownership of cannabis licenses.
- The Company may become subject to FDA or ATF regulation.
- Cannabis businesses are subject to applicable anti-money laundering laws and regulations and have restricted access to banking and other financial services.
- The Company operates in a highly regulated sector and may not always succeed in complying fully with applicable regulatory requirements in all jurisdictions where the Company carries on business.
- Because cannabis is illegal under U.S. federal law, the Company may be unable to access to U.S. bankruptcy protections in the event of its bankruptcy or a bankruptcy in an entity in which the Company invests. Because the Company's contracts involve cannabis and related activities, which are not legal under U.S. federal law, the Company may face difficulties in enforcing its contracts. Because cannabis is illegal under U.S. federal law, cannabis businesses may be subject to civil asset forfeiture. The Company may not be able to secure its payment and other contractual rights with liens on the inventory or licenses of its clients and contracting parties under applicable state laws.
- The Company may not be able to secure its payment and other contractual rights with liens on the inventory or licenses of its clients and contracting parties under applicable state laws.
- Because marijuana is illegal under U.S. federal law, marijuana businesses may be subject to civil asset forfeiture.
- The Company may be subject to constraints on and differences in marketing its products under varying state laws.
- The results of future clinical research may be unfavorable to cannabis, which may have a material, adverse effect on the demand for the Company's products.
- Inconsistent public opinion and perception of the medical recreational use cannabis industry hinders market growth and state adoption.
- Investors in the Company who are not U.S. citizens may be denied entry into the United States.
- As a cannabis business, the Company is subject to unfavorable tax treatment under the Code.

- If the Company's operations are found to be in violation of applicable money laundering legislation and its revenues are viewed as proceeds of crime, the Company may be unable to effect distributions or repatriate funds to Canada.
- The Company incurred net losses in the three months ended March 31, 2020 and fiscal years 2019 and 2018 with net cash used in operating activities and cannot provide assurance as to when or if the Company will become profitable and generate cash in its operating activities.
- The Company anticipates requiring substantial additional financing to operate its business and the Company may face difficulties acquiring additional financing on terms acceptable to it or at all.
- The Company is a holding company and its earnings are dependent on the earnings and distributions of its subsidiaries.
- The Company's subsidiaries may not be able to obtain necessary permits and authorizations.
- Disparate state-by-state regulatory landscapes and the constraints related to holding cannabis licenses in various states results in operational and legal structures for realizing the benefit from cannabis licenses that could result in materially detrimental consequences to the Company.
- The success of the Company's business depends, in part, on its ability to successfully integrate recently acquired businesses and to retain key employees of acquired businesses.
- The Company may invest in pre-revenue companies which may not be able to meet anticipated revenue targets in the future.
- The nature of the medical and recreational cannabis industry may result in unconventional due diligence processes and acquisition terms that could have unknown and materially detrimental consequences to the Company.
- The Company's assets may be purchased with limited representations and warranties from the sellers of those assets.
- Other risks described in the AIF and described from time to time in documents filed by the Company.
- Other risks described in this AIF and described from time to time in documents filed by the Company with Canadian securities regulatory authorities.

The forward-looking statements contained herein are based on certain key expectations and assumptions, including, but not limited to, with respect to expectations and assumptions concerning: (i) receipt of required shareholder and regulatory approvals in a timely manner or at all; (ii) receipt and/or maintenance of required licenses and third party consents in a timely manner or at all; and (iii) the success of the operations of the Company.

Although the Company believes that the expectations and assumptions on which such forward-

looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements, because no assurance can be given that they will prove to be correct. Since forward-looking statements 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 as more particularly described under the heading “*Risk Factors*” in this AIF.

Consequently, all forward-looking statements made in this AIF and other documents of the Company, as applicable, are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Company. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Company and/or persons acting on their behalf may issue. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

CORPORATE STRUCTURE

The Company was incorporated under the *Business Corporations Act* (Alberta) on November 23, 2004 under the name “Initial Capital Inc.” On May 8, 2007, the Company changed its name to “Digifonica International Inc.” following the completion of a qualifying transaction. On December 9, 2013, the Company continued into British Columbia under the name of “Dominion Energy Inc.” The Company had the following name changes before ultimately changing its name to “Darien Business Development Corp.” on March 13, 2017:

- Initial Capital Inc. (November 23, 2004);
- Digifonica International Inc. (May 8, 2007);
- Dominion Energy Inc. (December 9, 2013);
- Dynamic Oil and Gas Exploration Inc. (June 30, 2014); and
- Darien Business Development Corp (March 13, 2017).

On March 18, 2019, Vireo Health, Inc. (“**Vireo U.S.**”) completed the reverse take-over transaction of Vireo Health International Inc. (formerly Darien Business Development Corp. or “**Darien**”) (the “**Reverse Takeover**”) whereby Darien acquired all of the issued and outstanding shares of Vireo U.S. Following the completion of the Reverse Takeover, the former shareholders of Vireo U.S. acquired control of the Company as they owned a majority of the outstanding shares of the Company upon completion of the Reverse Takeover and therefore constituted a reverse takeover of the Company under the policies of the CSE. Concurrently with the completion of the Reverse Takeover, the Company changed its name to “Vireo Health International, Inc.” and amended its Articles (the “**Articles**”) to: (i) amend the rights and restrictions of the existing class of common shares and redesignate such class as the Subordinate Voting Shares; (i) create the Multiple Voting Shares; and (iii) create the Super Voting Shares.

Upon completion of the Reverse Takeover, the Company became a reporting issuer in the provinces of British Columbia, Alberta and Ontario.

On July 15, 2020, shareholders of the Company approved amendments to the Articles to: (i) remove, effective January 1, 2021, the FPI Restriction (as defined below) applicable to the conversion of Multiple Voting Shares into Subordinate Voting Shares enabling holders of Multiple Voting Shares into Subordinate Voting Shares who are residents of the United States (as determined in accordance with Rules 3b4 and 12g3-2(a) under the Exchange Act (“**U.S. Residents**”) to commence requesting conversions of Multiple Voting Shares into Subordinate Voting Shares; and (ii) to include the Advance Notice Provision (as defined in the Company’s Management Information Circular dated June 15, 2020, available on SEDAR at www.sedar.com).

The Company’s head office is located at 207 South 9th Street, Minneapolis, Minnesota 55402 USA and the Company’s registered office is located at Suite 2200, HSBC Building, 885 West Georgia Street Vancouver, British Columbia, V6C 3E8.

Inter-corporate Relationships/Material Subsidiaries of the Company

The list of the Company’s material subsidiaries together with the place of formation/governing law of such subsidiaries and the percentage of voting securities beneficially owned, directly or indirectly, by the Company as of December 31, 2019, is set forth below:

Name of Subsidiary	Vireo Ownership Interest (direct and indirect)	Place of Formation	Direct Parent of Subsidiary
Vireo Health, Inc.	100.00%	Delaware	Vireo Health International, Inc.
Vireo Health of New York, LLC	100.00%	New York	Vireo Health, Inc.
Vireo Health of Minnesota, LLC, f/k/a Minnesota Medical Solutions, LLC	100.00%	Minnesota	Vireo Health, Inc.
Pennsylvania Medical Solutions, LLC	100.00%	Pennsylvania	Vireo Health, Inc.
MaryMed, LLC	100.00%	Maryland	Vireo Health, Inc.
Elephant Head Farm, LLC	100.00%	Arizona	Vireo Health of Arizona, LLC
Retail Management Associates, LLC	100.00%	Arizona	Vireo Health of Arizona, LLC
Vireo Health of New Mexico, LLC	100.00%	New Mexico	Vireo Health, Inc.

GENERAL DEVELOPMENT OF THE BUSINESS

Corporate History

Reverse Takeover

On February 13, 2019, Vireo U.S., Darien, Vireo Finco (Canada) Inc. (“**Canadian Finco**”), a special purpose corporation wholly-owned by Vireo U.S., 1197027 B.C. LTD, a British Columbia corporation and wholly-owned subsidiary of Darien (“**B.C. Subco**”) and Darien Merger Sub, LLC, a Delaware limited liability company and wholly-owned subsidiary of Darien (“**U.S. Subco**”), entered into a series of agreements to complete the Reverse Takeover. The steps were as

follows:

- I. pursuant to a brokered and non-brokered financing, Canadian Finco issued 12,090,937 subscription receipts (the “**Subscription Receipts**”) at a price of US\$4.25 per Subscription Receipt for gross proceeds of US\$51,386,482 (the “**Subscription Receipt Financing**”);
- II. the issued and outstanding class A, class B, class C and class D preferred stock of Vireo U.S. was converted into common stock of Vireo U.S.;
- III. the Subscription Receipts were converted into Canadian Finco common shares (“**Canadian Finco Shares**”), with the holder of each Subscription Receipt receiving one Canadian Finco Share in exchange therefor;
- IV. Non-US shareholders of Vireo U.S. exchanged their common shares of Vireo U.S. for Subordinate Voting Shares;
- V. concurrently:
 - a) U.S. Subco and Vireo U.S. effected a reverse merger under Delaware law, whereby U.S. Subco and Vireo U.S. merged and Vireo U.S. became a wholly-owned subsidiary of the Company and the shareholders of Vireo U.S. received, in exchange for their common shares of Vireo U.S. stock, Super Voting Shares or Multiple Voting Shares of the Company’s stock, as applicable; and
 - b) the Company, B.C. Subco and Canadian Finco completed a three-cornered amalgamation pursuant to which Canadian Finco shareholders (including former holders of Subscription Receipts) received Subordinate Voting Shares of the Company and Canadian Finco and B.C. Subco merged, with the resulting entity being “Amalco,” constituting a continuation of each of Canadian Finco and B.C. Subco under applicable law; and
- VI. Amalco was dissolved and liquidated, pursuant to which all of the assets of Amalco were distributed to the Company.

Financing Activities

The Company has completed the following financing transactions:

- On March 9, 2020 the Company closed a non-brokered private placement offering (the “**Offering**”) of 13,651,574 units of the Company (each, a “**Unit**”) at a price of CAD\$0.74 per Unit for gross proceeds of CAD\$10,511,711.98. Each Unit was comprised of one Subordinate Voting Share and one Subordinate Voting Share purchase warrant (a “**Warrant**”). Each Warrant entitles the holder to purchase one Subordinate Voting Share (a “**Warrant Share**”) for a period of three years from the date of issuance at an exercise price of CAD\$0.96 per Warrant Share, subject to adjustment in certain events. The Company has the right to force the holders of the Warrants to exercise the Warrants into Subordinate Voting Shares if, prior to the maturity date, the five-trading-day volume weighted-average price of the Subordinate Voting Shares equals or exceeds CAD\$1.44,

subject to adjustment in certain events.

- On March 18, 2019, Canadian Finco completed the Subscription Receipt Financing. The brokered portion of the Subscription Receipt Financing was co-led by Eight Capital Corp. and Canaccord Genuity Corp., with a syndicate including Haywood Securities Inc., Beacon Securities Limited and GMP Securities L.P.

Recent & Pipeline Transactions

The Company has completed, entered into or terminated the following transactions:

- October 1, 2020, Vireo U.S. entered into an agreement with Ayr Strategies Inc. (CSE:AYR.A)(OTCQX:AYRSF) to sell its affiliated entity, Ohio Medical Solutions, Inc. (“**OMS**”) to the third party for \$1.15 million. OMS is directly owned by three Vireo executives. The proceeds of the sale are intended to be used to cancel \$1.15 million total in loans and cash advances made by Vireo U.S. to OMS as well as all amounts incurred for shared services costs by OMS since 2018. The transaction is expected to close during the first quarter of 2021.
- On August 12, 2020, pursuant to the equity purchase agreement (the “**Pennsylvania Medical Solutions Sale Agreement**”) by and among Vireo U.S., PAMS, PASPV Holdings, LLC and Jushi Inc., dated June 21, 2020, the Company completed the sale of its equity in its subsidiary, Pennsylvania Medical Solutions, LLC, which held the licenses for and operated the Company’s cultivation and production operations in the Commonwealth of Pennsylvania to Jushi Inc, a subsidiary of Jushi Holdings, Inc. (“**Jushi**”) (CSE: JUSH) (OTCQB: JUSHF). The Company received consideration of US\$16.8 million in cash and US\$3.8 million in the form of a four-year note with an 8 percent coupon rate payable quarterly. The transaction also includes an 18-month option for the purchaser to purchase all the equity in another Vireo subsidiary, Pennsylvania Dispensary Solutions, LLC, for an additional US\$5 million in cash. On November 16, 2020, the Company announced that the option had been exercised by the subsidiary of Jushi.
- Over the past sixty (60) days, the Company has made a \$1.5 million investment in the expansion of its outdoor cultivation capacity in Arizona from 0.5 acres to 8.5 acres, which the Company anticipates will increase its cultivation capacity by at least ten times its preexisting capacity.
- In August, 2020, the Company purchased a three-acre greenhouse facility and associated land and buildings in Massey, Maryland, which it is currently retrofitting for year-round cannabis production. This will increase the Company’s cultivation capacity in Maryland by approximately 1,200 percent.
- On June 19, 2019, the Company completed its acquisition of XAAS Agro, Inc. (“**XAAS**”), a Puerto Rico corporation that has licenses to cultivate and distribute medical and adult use cannabis in Puerto Rico, for US\$695,000 and the issuance of a convertible promissory note of US\$900,000. The purpose of this acquisition was to acquire a medical marijuana license in the territory of Puerto Rico. XAAS holds pre-qualifications, which are subject regulatory approvals, to operate six dispensaries as well as a cultivation and processing facility located in Pugnado Vegas, Puerto Rico.

- On March 26, 2019, the Company acquired Elephant Head Farm, LLC and Retail Management Associates, LLC, which together operate the cannabis business of a non-profit licensee to cultivate and distribute medical cannabis in Arizona, for US\$10,500,000 and issuance of 16,806 Multiple Voting Shares.
- On March 22, 2019, the Company acquired Mayflower Botanicals Inc., which holds a license to cultivate and distribute medical cannabis and a priority position for approval to cultivate and distribute adult-use cannabis in Massachusetts, for US\$1,025,000 and issuance of 30,325 Multiple Voting Shares.
- As of the filing of this Annual Information Form, the Company does not hold any licenses for the adult-use of cannabis. On October 20, 2020, the Nevada Cannabis Compliance Board approved the transfer of MJ Distributing P132, LLC, which holds medical and adult-use processing licenses, and MJ Distributing C201, LLC, which holds medical and adult-use cultivation licenses, to Vireo Health of Nevada I, LLC. The Company expects these transfers to be completed by the first quarter of 2021.

Significant Acquisitions and Dispositions

See *General Development of the Business – Recent and Pipeline Transactions*.

DESCRIPTION OF THE BUSINESS

Overview of the Company

Vireo is one of America’s leading multi-state cannabis companies. Vireo is physician-led and dedicated to providing patients with high-quality cannabis-based products and compassionate care. Vireo cultivates cannabis in environmentally friendly greenhouses, manufactures pharmaceutical-grade cannabis extracts, and sells its products at both Company-owned and third-party dispensaries to qualifying patients. Vireo currently serves thousands of customers each month.

While Vireo is not currently focused on substantial capital investment or expansion outside of its core markets, the Company does own additional medical cannabis licenses that may present opportunities for future development, partnership or divestiture in the future. Its current core medical markets of Arizona, Maryland, Minnesota, New Mexico and New York all have the potential to enact adult-use legalization in the next three to 24 months. The licenses in Puerto Rico and Massachusetts also have potential for commercialization. Combined with its teams’ focus on driving scientific innovation within the industry, improving operational efficiency and securing meaningful intellectual property, Vireo believes it is well positioned to become a global market leader in the cannabis industry. Seven of its nine markets are operational, with 13 of its 32 total retail dispensary licenses open for business.

The Company’s principal retail and wholesale locations, and type of operation are listed below:

Location	Nature and Status of Operations	Opened or Acquired
Amado, Arizona	Fully operational cultivation facility	Acquired in 2019
Phoenix, Arizona	Fully operational dispensary facility	Acquired in 2019
Hurlock, Maryland	Fully operational cultivation and processing facility	Opened in 2018

Massey, Maryland	Greenhouse and associated land purchased; construction commenced	
Holland, Massachusetts	Cultivation land purchased	Acquired in 2019
Otsego, Minnesota	Fully operational cultivation and processing facility	Opened in 2015
Minneapolis, Minnesota	Fully operational dispensary facility	Opened in 2015
Bloomington, Minnesota	Fully operational dispensary facility	Opened in 2015
Moorhead, Minnesota	Fully operational dispensary facility	Opened in 2015
Rochester, Minnesota	Fully operational dispensary facility	Opened in 2015
Hermantown, Minnesota	Dispensary leased; construction commenced	
Blaine, Minnesota	Dispensary leased; construction commenced	
Burnsville, Minnesota	Dispensary leased; construction commenced	
Woodbury, Minnesota	Dispensary leased; construction commenced	
Caliente, Nevada	Construction completed in 2019; state approval of license transfers in October 2020	To be acquired by Q1 2021
Albuquerque, New Mexico	Dispensary leased; pre-development	
Gallup, New Mexico	Fully operational dispensary facility	Acquired in 2019
Gallup, New Mexico	Fully operational cultivation facility	Acquired in 2019
Gallup, New Mexico	Cultivation land leased; construction substantially completed; awaiting final approval	
Santa Fe, New Mexico	Fully operational dispensary facility	Acquired in 2019
Las Cruces, New Mexico	Dispensary leased; pre-development	
Johnstown, New York	Fully operational cultivation and processing facility	Opened in 2016
Colonie, New York	Fully operational dispensary facility	Opened in 2016
Elmhurst, New York	Fully operational dispensary facility	Opened in 2016
Johnson City, New York	Fully operational dispensary facility	Opened in 2016
White Plains, New York	Fully operational dispensary facility	Opened in 2016
Akron, Ohio	Fully operational processing facility	Opened in 2019
Scranton, Pennsylvania	Fully operational dispensary facility	Opened in 2019
Bethlehem, Pennsylvania	Fully operational dispensary facility	Opened in 2019
Stroudsburg, Pennsylvania	Dispensary lease executed; pre-development	
Barceloneta, Puerto Rico	Cultivation and processing facility lease executed; pre-development	
Vega Baja, Puerto Rico	Cultivation land lease executed, pre-development	

The Cannabis Industry and Market Opportunities

According to market research projections by BDSA Analytics, Inc., global legal cannabis sales are expected to reach over \$47 billion by 2025, including U.S. sales of \$34.5 billion in 2025.

In the United States, medical cannabis has been legalized in 33 states and the District of Columbia. In the November 3, 2020, national elections, the ballot in Mississippi and South

Dakota included initiatives that would legalize the medical use of marijuana by qualifying patients suffering from specified debilitating medical conditions. As of the date of this Annual Information Form, majorities of Mississippi and South Dakota voters appear to have voted in support of these initiatives. To date, eleven states and the District of Columbia have approved cannabis for recreational use by adults (“adult-use”). Gallup and Pew polls conducted in the fall of 2019 indicate that approximately two-thirds of respondents favored legalization of cannabis. In the November 3, 2020 national elections, four states included ballot measures that would legalize the possession and use of recreational marijuana or cannabis: Arizona (marijuana), Montana (marijuana), New Jersey (cannabis), and South Dakota (marijuana). As of the date of this Annual Information Form, it appears that a majority of the voters in each of these states voted in support of the respective state’s ballot measure to legalize marijuana or cannabis for recreational use. It is important to note that the results of the November 3, 2020 ballot initiatives in Arizona, Montana, New Jersey and South Dakota are still preliminary and have not yet been certified as final as of the date of this AIF. The Company operates within states where medical and/or recreational use has been approved by state and local governing bodies.

The Company strives to meet health, safety and quality standards relating to the growth, production and sale of cannabis medicines, and products for consumers. The Company’s offerings include cannabis flower and cannabis oil, along with a line of cannabis topicals, gems featuring cannabinoids, a hemp-derived product line and vaporizer pens.

The Company is a vertically integrated cannabis company that operates from “seed-to-sale.” It has three business lines:

- I. Cultivation: Vireo grows cannabis in outdoor, indoor and greenhouse facilities. Its expertise in growing enables the Company to produce award-winning and proprietary strains in a cost-effective manner. The Company sells its products in Vireo-owned or -managed dispensaries and to third parties where lawful.
- II. Processing: The Company converts cannabis biomass into formulated oil, using a variety of extraction techniques. The Company uses some of this oil to produce consumer products such as vaporizer cartridges and edibles, and it sells some oil to third parties.
- III. Retail Dispensaries: The Company operates retail dispensaries that sell proprietary and, where lawful, third-party cannabis products to retail customers and patients.

Cultivation

The Company has rights to operate cultivation facilities in six states and Puerto Rico. Although pricing pressure for dried flower in several mature cannabis markets has led some operators to eschew cultivation, the Company believes that its cultivation operations provide certain benefits, including:

- I. Low Cost: The Company continually seeks ways to optimize its growing processes and minimize expenses. By having control over its own cultivation, the Company can reduce input costs and maximize margins. The Company believes that production at scale, including outdoor cultivation for bulk oil production, is critical to drive down unit cost.
- II. Product Availability: Control over its cultivation facilities allows the Company to monitor and update the product mix in its dispensaries to meet evolving demand, especially in the

form of strain selection and diversity.

- III. Quality Assurance: Quality and safety of cannabis products are critically important to the Company's retail customers. Control over growing processes greatly reduces the risk of plant contamination or infestation. The Company believes that products with consistent quality can demand higher retail prices.

The Company's focus on quality, potency, strain diversity and production at scale and yield is important because it believes that the wholesale market for cannabis plant material will become increasingly price competitive over time. More companies are entering, and will likely continue to enter, this segment of the industry. However, the Company believes that manufacturers and retailers that can source high-quality, low-cost plant material will have a significant advantage in the medium and long term.

Cultivation and Production Facilities

Except for the Company's production-only facility in Ohio, which is currently under contract for sale, the Company operates combined cultivation and production facilities. Each cultivation and production facility focuses primarily on the development of cannabis products and, where allowed, dried cannabis plant material for medical and other consumer use, as well as the research and development of new strains of cannabis. At all its facilities, the Company focuses on consumer patient safety and maintaining strict quality control. The methods used in the Company's facilities result in several key benefits, including consistent production of high-quality product and the minimization of product recalls and patient complaints.

The Company operates the following principal cultivation and production facilities as of the date of this AIF:

Arizona:	<ul style="list-style-type: none">• Operates and controls one retail dispensary and an outdoor cultivation facility with production operations.• Current cultivation capacity is insufficient to supply the Company's dispensaries adequately and, therefore, the Company must purchase a portion of its flower inventory, as well as all manufactured cannabis products, from licensed, third-party suppliers.• The Company has a large number of customers; its results of operations and financial results in Arizona are not dependent upon sales to one or a few major customers.
Maryland:	<ul style="list-style-type: none">• Holds one phase 1 retail dispensary license (and has applied for a phase 2 retail dispensary license), and one cultivation and production facility of approximately 30,000 square feet.• The Company has obtained preliminary approval to transfer the cultivation license to another facility consisting of approximately 120,000 square feet of greenhouse facility, with associated land and buildings. The production operation will remain at the current facility.• The Company's wholesale business is continuing to experience growth in this medical market. Investments in operational expansion within this market during calendar year 2020 are expected to contribute to continued

	<p>increased available product in fiscal year 2021, with the potential for improved financial results from increased scale and the significant expansion of flower production capacity. This expansion will be primarily funded by proceeds of the Company's recent sale of its Pennsylvania cultivation and processing business.</p> <ul style="list-style-type: none">• The Company has a number of customers; its results of operation and financial results in Maryland are not dependent upon sales to one or a few major customers
Minnesota	<ul style="list-style-type: none">• Currently operates four retail dispensaries and one cultivation and production facility of approximately 90,000 square feet.• The State Legislature also recently granted Vireo four additional dispensary licenses, which are currently under development and are expected to open by the end of 2020.• The Company has a large number of customers; its results of operations and financial results in Minnesota are not dependent upon sales to one or a few major customers.
New Mexico	<ul style="list-style-type: none">• Currently operates approximately 3,000 square feet of cultivation and production and has two operational retail dispensaries.• Current cultivation capacity is insufficient to supply the Company's dispensaries adequately and, therefore, the Company must purchase a portion of its flower inventory, as well as all manufactured cannabis products, from licensed, third-party suppliers.• The Company is in the process of expanding cultivation capacity and is seeking to open two additional retail dispensary locations during the fourth quarter of 2020 or first quarter of 2021.• The Company has a large number of customers; its results of operations and financial results in New Mexico are not dependent upon sales to one or a few major customers.
New York	<ul style="list-style-type: none">• Currently operates four retail dispensaries and one cultivation and production facility of approximately 60,000 square feet.• The Company purchases a small portion of its manufactured products inventory from several of the nine other registered organizations.• Also operates a legal home-delivery business in New York City and certain surrounding areas.• While Vireo believes the long-term opportunity in New York is substantial, recent performance has been impacted by neighboring states transitioning to recreational-use jurisdictions, as well as by the doubling of the number of registered organizations (vertically integrated medical cannabis providers) from five to ten. The Company believes that new product introductions and the expansion of wholesale revenue streams

	<p>will contribute to improving profit margins in the future. Vireo anticipates additional growth of its home delivery service.</p> <ul style="list-style-type: none">• The Company has a large number of customers; its results of operations and financial results in New York are not dependent upon sales to one or a few major customers.
Ohio:	<ul style="list-style-type: none">• Operates an approximately 11,000 square foot production facility• The limited availability of wholesale cannabis plant material in the state has severely constrained production revenue opportunity to date.• On October 1, 2020, Company's affiliate entered into an agreement to sell the assets of this business to AYR Strategies Inc.
Pennsylvania:	<ul style="list-style-type: none">• The Company has three retail dispensary licenses (two of which are currently operational).• The Company's retail business is continuing to experience significant growth in this medical market.• Because the Company no longer has cultivation and processing operations in Pennsylvania, it must purchase all flower and manufactured cannabis products from third parties.• Investments in operational expansion within this market during calendar year 2019 and the potential build-out of the Company's third dispensary license are expected to contribute to continued increased available product in the balance of fiscal year 2020 and fiscal year 2021.• The Company has a large number of customers; its results of operations and financial results in Pennsylvania are not dependent upon sales to one or a few major customers.

Manufacturing

The Company manufactures, assembles and packages cannabis finished goods across a variety of product segments:

- I. Inhalable: flower, dabbable concentrates (e.g. budder, wax, crumble, shatter, live resin, sauce, terpene sugar), pre-filled vaporizer pens and cartridges.
- II. Ingestible: capsules, tinctures, and cannabis product edibles including chocolates, gummies, mints, fruit chews and dissolvable mouth strips.
- III. Topicals: balms and topical bars.

The Company has wholesale operations in Arizona, Maryland, New York and Ohio. Manufactured products are sold to third parties and distributed to Company-owned and operated retail dispensaries.

Principal Products or Services

Vireo's products include:

- I. Inhalable: flower, dabbable concentrates (e.g., Rosin, Hash, Temple Balls), pre-filled vaporizer pens and cartridges, pre-rolls, syringes.
- II. Ingestible: tablets, softgels, oral solutions, oral spray, tinctures, lozenges
- III. Topicals: balms and topical bars.

Retail Strategy, Footprint and Planned Expansion

The Company has invested substantial resources in developing customer-friendly dispensary designs and floorplans. The Company has recently begun constructing new dispensaries using a new layout and colour scheme tied to the Company's Green Goods™ trademark and plans to convert existing dispensaries to this new theme over time.

Members of the Company's management team have experience in real estate development, and this experience has enabled the Company to secure premium locations for its dispensaries. Typically, the Company seeks locations with high foot traffic and good visibility. The Company considers location, population/demographics and competitive dynamics when selecting dispensary locations.

Principal Milestones & Business Objectives

The principal milestones and business objectives of the Company over the next 12-month period include achieving positive net cash flow, expanding cultivation and processing capacity in certain markets, opening additional dispensaries in several states, improving operational efficiencies, continued asset development and completing pending divestitures of non-core assets.

Employees

As of November 5, 2020, the Company had 428 employees. Certain of the Company's employees in Maryland, Minnesota, New York and Pennsylvania are represented by locals of the United Food and Commercial Workers International Union.

Research and Development

The Company's research and development activities have primarily focused on developing new, innovative, and patent protectable products for the cannabis market. These efforts focus on novel cannabinoid formulations as well as accessory products designed to improve the cannabis experience. The Company also experiments with plant spacing and nutrient blends, cannabis variety trialing and improved pest management techniques.

The Company also engages in research and development activities focused on developing new extracted or infused products.

Cycles

The demand for cannabis products is fairly consistent throughout the calendar year. Accordingly, the business of the Company is not seasonal or cyclical to any significant extent. However, the

overall yield per plant from outdoor cultivation may be affected by seasonal changes in weather.

Intangible Properties

Vireo's brands include:

- Vireo® brand distillate vaporizer cartridges, distilled oil, softgels, tablets, oral solutions, tinctures and balms;
- 1937™ brand distillate vaporizer cartridges
- LiteBud™ pre-rolls and flower products; and
- various other flower and trim brands

The Company holds two patents for "Tobacco Products with Cannabinoid Additives and Methods for Reducing the Harm Associated with Tobacco Use" (US Patents 10,369,178 and 10,702,565) and has a number of other patents pending with the United States Patent and Trademark Office ("USPTO"). These patents expire in 2038.

The Company has applied to register a number of trademarks with the USPTO, including:

- Vireo Health™
- Green Goods™
- 1937™
- Lite Bud™
- Chandra™
- Terp Safe™
- Relief Ratio™

The Company has also received registrations of certain of these marks in some of the states in which it sells cannabis products.

Specialized Skill and Knowledge

The cultivation of cannabis plants and manufacture of cannabis extracts require highly specialized knowledge and skill. Knowledge of strain-specific characteristics, lighting, water and nutrient requirements, cloning, disease and pest prevention and related matters are critical to the successful cultivation of cannabis. The Company's experienced team of cultivation experts has mastered the aforementioned skills and continues to drive innovation in strain diversity and increases in yield. The manufacture of cannabis extract products requires knowledge of various extraction and distillation processes and equipment. The Company's processing team is among the most experienced in the industry.

Components

The Company sources biological controls, product packaging and vape componentry from third parties located both inside and outside of the United States. The equipment used to cultivate and process cannabis is specialized but is readily available and not specific to the cultivation of cannabis. The Company does not anticipate any difficulty in obtaining product packaging or equipment as needed.

During the COVID-19 pandemic, the Company's supply chain teams continue to work closely with its supply chain partners on a regular basis to prevent and minimize any sort of disruption. The Company undertook pre-emptive measures to ensure alternate supply sources for essential supplies.

Competitive Conditions and Position of Vireo

The Company employs a multi-tiered approach to entering markets and building out its operational footprint. Historically, Vireo U.S. won licenses in competitive, merit-based selection processes. After the Reverse Takeover, the Company has primarily pursued limited acquisitions in additional markets. The Company evaluates each market and associated opportunities to determine an appropriate strategy for market entry and development, which in some markets has included acquiring an existing licensee. In some instances, the Company has developed a fully vertically integrated supply chain from seed to sale, building out cultivation, production, and retail operations. In some markets, the Company operates only retail or production operations. Historically, the Company has pursued opportunities in limited license markets with higher barriers to entry presenting an opportunity for higher returns or the development of strategic opportunities.

The industry is highly competitive with many operators, including large multi-state operators and smaller regional and local enterprises. The Company faces competition from other companies that may have greater resources, enhanced access to public equity markets, more experienced management or that may be more mature as businesses. There are several multi-state operators that the Company competes directly with in some of the Company's operating markets. Aside from current direct competition, other multi-state operators that are sufficiently capitalized to enter the Company's markets through acquisitive growth are also considered potential competitors. Similarly, as the Company continues to enter new markets, it will encounter new direct competitors.

See Risk Factors – The Company faces intense competition in a new and rapidly growing industry by legitimate companies with more experience and financial resources than it has and by unlicensed and unregulated participants.

Bankruptcy and Receivership

Neither the Company, nor any of their subsidiaries, have been the subject of any bankruptcy or any receivership or similar proceedings or any voluntary bankruptcy, receivership or similar proceedings, within any of the three most recently completed financial years (as applicable) or the current financial year.

Material Restructuring

See General Description of the Business – Corporate History – The Reverse Takeover.

Asset Backed Securities

The Company does not have any asset backed securities.

REGULATORY OVERVIEW

In accordance with the Canadian Securities Administrators Staff Notice 51-352 (Revised) – Issuers with U.S. Marijuana-Related Activities ("**Staff Notice 51-352**"), below is a table of

concordance that is intended to assist readers in identifying those parts of this AIF that address the disclosure expectations outlined in Staff Notice 51-352.

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	AIF Cross Reference
<p>All Issuers with U.S. Marijuana- Related Activities</p>	<p>Describe the nature of the issuer’s involvement in the U.S. marijuana industry and include the disclosures indicated for at least one of the direct, indirect and ancillary industry involvement types noted in this table.</p> <p>Prominently state that marijuana is illegal under U.S. federal law and that enforcement of relevant laws is a significant risk.</p> <p>Discuss any statements and other available guidance made by federal authorities or prosecutors regarding the risk of enforcement action in any jurisdiction where the issuer conducts U.S. marijuana-related activities.</p> <p>Outline related risks including, among others, the risk that third-party service providers could suspend or withdraw services and the risk that regulatory bodies could impose certain restrictions on the issuer’s ability to operate in the U.S.</p>	<p><i>Description of the Business</i></p> <p><i>Cover Page (disclosure in bold typeface)</i></p> <p><i>Regulatory Overview – Regulation of Cannabis in the United States Federally</i></p> <p><i>Risk Factors - Marijuana remains illegal under U.S. federal law, and enforcement of U.S. cannabis laws could change.</i></p> <p><i>Risk Factors – Cannabis businesses are subject to applicable anti-money laundering laws and regulations and have restricted access to banking and other financial services.</i></p> <p><i>Risk Factors – Marijuana remains illegal under U.S. federal law, and enforcement of U.S. cannabis laws could change.</i></p> <p><i>Risk Factors – U.S. state and local regulation of cannabis is uncertain and changing.</i></p> <p><i>Risk Factors – The Company operates in a highly regulated sector and may not always succeed in complying fully with applicable regulatory requirements in all jurisdictions where it carries</i></p>

on business.

Risk Factors - If the Company's operations are found to be in violation of applicable money laundering legislation and its revenues are viewed as proceeds of crime, the Company may be unable to effect distributions or repatriate funds to Canada.

Risk Factors – The Company might be subject to heightened scrutiny by United States and Canadian authorities

Risk Factors – The Company's intellectual property may be difficult to protect

Risk Factors – Because cannabis is illegal under U.S. federal law, the Company may be unable to access to U.S. bankruptcy protections in the event of the Company's bankruptcy or a bankruptcy in an entity in which the Company invests.

Risk Factors – Because the Company's contracts involve cannabis and related activities, which are not legal under U.S. federal law, the Company may face difficulties in enforcing its contracts

Risk Factors – The Company may invest in pre- revenue companies which may not be able to meet anticipated revenue targets in the future

Risk Factors – Because cannabis is illegal under U.S. federal law, cannabis businesses may be subject to civil asset forfeiture

Given the illegality of marijuana under U.S. federal law, discuss the issuer's ability to access both public and private capital and indicate what financing options are / are not available in order to support continuing operations

Risk Factors – The Company anticipates requiring substantial additional financing to operate its business and it may face difficulties acquiring additional financing on terms acceptable to the Company or at all

Risk Factors - U.S. state and local regulation of cannabis is uncertain and changing.

Risk Factors – Cannabis businesses are subject to applicable anti-money laundering laws and regulations and have restricted access to banking and other financial services.

Quantify the issuer's balance sheet and operating statement exposure to U.S. marijuana-related activities.

At the time of this AIF, the major operations of the Vireo are only in the United States

Disclose if legal advice has not been obtained, either in the form of a legal opinion or otherwise, regarding (a) compliance with applicable state regulatory frameworks and (b) potential exposure and implications arising from U.S. federal law.

Legal advice has been obtained

U.S. Marijuana Issuers with direct involvement in cultivation or distribution

Outline the regulations for U.S. states in which the issuer operates and confirm how the issuer complies with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.

Regulatory Overview – Regulation of the Cannabis Market at State and Local Levels

Discuss the issuer's program for monitoring compliance with U.S. state law on an ongoing basis, outline internal compliance procedures and provide a positive statement indicating that the issuer is in compliance with U.S. state law and the related licensing framework.

*Regulatory Overview
Regulatory Overview – Vireo Compliance Program
Risk Factors – U.S. state and local regulation of cannabis is uncertain and changing*

Promptly disclose any non-compliance, citations or notices of violation which may have an impact on the issuer's license, business activities or operations.

U.S. Marijuana Issuers with indirect involvement in cultivation or distribution

Outline the regulations for U.S. states in which the issuer's investee(s) operate.

Regulatory Overview – Regulation of the Cannabis Market at State and Local Levels

Provide reasonable assurance, through either positive or negative statements, that the investee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state. Promptly disclose any non-compliance, citations or notices of violation, of which the issuer is aware, that may have an impact on the investee's license, business activities or operations.

*Regulatory Overview
Regulatory Overview – Vireo Compliance Program
Risk Factors – Marijuana remains illegal under U.S. federal law, and enforcement of U.S. cannabis laws could change.
Risk Factors - U.S. state and local regulation of cannabis is uncertain and changing.*

U.S. Marijuana Issuers with material ancillary involvement

Provide reasonable assurance, through either positive or negative statements, that the applicable customer's or investee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.

*Regulatory Overview
Regulatory Overview – Vireo Compliance Program
Risk Factors – Disparate state-by-state regulatory landscapes and the constraints related to holding cannabis licenses in various states results in operational and legal structures for realizing the benefit from cannabis licenses that could result in materially detrimental consequences to the Company*

Below is a discussion of the federal and state-level U.S. regulatory regimes in those jurisdictions where the Company operates through its subsidiaries. The Company currently operates facilities or provides services to cannabis dispensaries in Arizona, Maryland, Minnesota, New Mexico, New York, Ohio, and Pennsylvania. The Company will evaluate, monitor and reassess this disclosure, and any related risks, on an ongoing basis and will provide updated information to investors in public filings, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding cannabis regulation. Any non-compliance, citations or notices of violation that may impact the Company's licenses, business activities or

operations will be promptly disclosed.

Regulation of Cannabis in the United States Federally

The United States Supreme Court has ruled that the United States Congress has the constitutional authority to enact the existing federal prohibition on cannabis.¹ As described further below, United States federal law now bifurcates the legality of “hemp” from “marihuana” (also commonly known as marijuana). For purposes of this Annual Information Form, the term “cannabis” means “marihuana” as set forth in the United States Controlled Substances Act (21 U.S.C. § 811) (the “**CSA**”) and is used interchangeably with the term “marijuana”.

The United States federal government regulates drugs through the CSA, which places controlled substances, including marijuana, on a schedule. Marijuana is classified as a Schedule I drug. A Schedule I controlled substance is defined as a substance that has no currently accepted medical use in the United States, a lack of safety for use under medical supervision and a high potential for abuse. The Department of Justice defines Schedule I drugs, substances or chemicals as “drugs with no currently accepted medical use and a high potential for abuse.”

With the limited exceptions of Epidiolex, a pharmaceutical derived from the cannabis extract cannabidiol (“**CBD**”), and certain drugs that incorporate synthetically-derived cannabinoids (i.e., Marinol, Syndros, and Cesamet), the United States Food and Drug Administration has not approved marijuana as a safe and effective drug for any indication. Moreover, under the Agriculture Improvement Act of 2018 (commonly referred to as the 2018 Farm Bill), marijuana remains a Schedule I controlled substance under the CSA, with the exception of hemp and extracts derived from hemp (such as CBD) with a tetrahydrocannabinol (“**THC**”) concentration of less than 0.3%.

Unlike in Canada, which has federal legislation uniformly governing the cultivation, distribution, sale and possession of medical marijuana under the Access to Cannabis for Medical Purposes Regulations, marijuana is largely regulated at the state level in the United States.

State laws regulating cannabis are in direct conflict with the CSA, which makes cannabis use and possession federally illegal. Although certain states and territories of the U.S. authorize medical or recreational cannabis production and distribution by licensed or registered entities, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal, and any such acts are criminal acts under federal law under any and all circumstances under the CSA. Although the Company’s activities are compliant with applicable United States state and local law, strict compliance with state and local laws with respect to cannabis may neither absolve the Company of liability under United States federal law, nor may it provide a defense to any federal proceeding which may be brought against the Company.

In August 2013, then-Deputy Attorney General, James Cole, authored a memorandum (the “**Cole Memorandum**”) addressed to all United States district attorneys acknowledging that, notwithstanding the designation of cannabis as a controlled substance at the federal level in the United States, several states had enacted laws relating to cannabis for medical purposes.

The Cole Memorandum outlined the priorities for the Department of Justice relating to the prosecution of cannabis offenses. In particular, the Cole Memorandum noted that in jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong

¹ Gonzales v. Raich 545 U.S. 1 (2005).

and effective regulatory and enforcement systems to control the cultivation, distribution, sale and possession of cannabis, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level. Notably, however, the Department of Justice never provided specific guidelines for what regulatory and enforcement systems it deemed sufficient under the Cole Memorandum standard. In light of limited investigative and prosecutorial resources, the Cole Memorandum concluded that the Department of Justice should be focused on addressing only the most significant threats related to cannabis. States where medical cannabis had been legalized were not characterized as a high priority.

In March 2017, the newly appointed Attorney General Jeff Sessions again noted limited federal resources and acknowledged that much of the Cole Memorandum had merit. However, on January 4, 2018, Mr. Sessions issued a new memorandum that rescinded and superseded the Cole Memorandum effective immediately (the “**Sessions Memorandum**”). The Sessions Memorandum stated, in part, that current law reflects “Congress” determination that cannabis is a dangerous drug and cannabis activity is a serious crime”, and Mr. Sessions directed all U.S. Attorneys to enforce the laws enacted by Congress and to follow well-established principles when pursuing prosecutions related to marijuana activities. The inconsistency between federal and state laws and regulations is a major risk factor.

As a result of the Sessions Memorandum, federal prosecutors were free to utilize their prosecutorial discretion to decide whether to prosecute cannabis activities despite the existence of state-level laws that may be inconsistent with federal prohibitions. No direction was given to federal prosecutors in the Sessions Memorandum as to the priority they should ascribe to such cannabis activities, and resultantly it is uncertain how active federal prosecutors will be in relation to such activities. Furthermore, the Sessions Memorandum did not discuss the treatment of medical cannabis by federal prosecutors. As an industry best practice, despite the rescission of the Cole Memorandum, Vireo continues to do the following to ensure compliance with the guidance provided by the Cole Memorandum:

- I. Ensure the operations of its subsidiaries and business partners are compliant with all licensing requirements that are set forth with regards to cannabis operation by the applicable state, county, municipality, town, township, borough, and other political/administrative divisions. To this end, the Company retains appropriately experienced legal counsel to conduct the necessary due diligence to ensure compliance of its operations with all applicable regulations.
- II. The activities relating to cannabis business adhere to the scope of the licensing obtained for example, in the states where only medical cannabis is permitted, the products are only sold to patients who hold the necessary documentation to permit the possession of the cannabis.
- III. The Company only works through licensed operators, which must pass a range of requirements, adhere to strict business practice standards and be subjected to strict regulatory oversight whereby sufficient checks and balances ensure that no revenue is distributed to criminal enterprises, gangs and cartels;
- IV. The Company conducts reviews of products and product packaging to ensure that the products comply with applicable regulations and contain necessary disclaimers about the contents of the products to prevent adverse public health consequences from cannabis use and prevent impaired driving.

- V. The Company's subsidiaries have implemented inventory-tracking systems and necessary procedures to ensure that inventory is effectively tracked and the diversion of cannabis and cannabis products is prevented.

Attorney General William Barr, who succeeded Attorney General Sessions, has not provided a clear policy directive for the United States related to state-legal cannabis-related activities. However, in a written response to questions from U.S. Senator Cory Booker made as a nominee, Attorney General Barr stated, "I do not intend to go after parties who have complied with state law in reliance on the Cole Memorandum." Attorney General Barr's statements are not official declaration of U.S. Department of Justice (the "**DOJ**") policy and are not binding on the DOJ, on any U.S. Attorney or on the Federal courts. Moreover, there is no guarantee that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. Unless and until the United States Congress amends the CSA with respect to cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that Federal authorities may enforce current U.S. Federal law. The Company will continue to monitor compliance on an ongoing basis in accordance with its compliance program and standard operating agreement procedures. While the Company's operations are in full compliance with all applicable state laws, regulations and licensing requirements, such activities remain illegal under United States federal law. For the reasons described above and the risks further described in Legal Risks, below, there are significant risks associated with the business of the Resulting Issuer.

Although the Cole Memorandum has been rescinded, one legislative safeguard for the medical cannabis industry remains in place: Congress has passed a so-called "rider" provision in the FY 2015, 2016, 2017, 2018, and 2019 Consolidated Appropriations Acts to prevent the U.S. Department of Justice from using congressionally appropriated funds to prevent any state or jurisdiction from implementing a law that authorizes the use, distribution, possession, or cultivation of medical marijuana. The rider is known as the "Rohrabacher-Farr" Amendment after its original lead sponsors (it is also sometimes referred to as the "Rohrabacher-Blumenauer" or, in its Senate Form, the "Leahy" Amendment, but it is referred to in this AIF as "**Rohrabacher-Farr**").

Rohrabacher-Farr is typically included in short-term funding bills or continuing resolutions by the House of Representatives, whereas the Leahy Amendment was included in the fiscal year 2020 budget by the Senate, which was signed on December 20, 2019. The Leahy Amendment prevents the U.S. Department of Justice from using congressionally appropriated funds to enforce federal cannabis laws against regulated medical cannabis actors operating in compliance with state and local law. The Leahy Amendment was in effect until September 30, 2020 when the fiscal year ended. On October 1, 2020, Rohrabacher-Farr was renewed through the signing of a stopgap spending bill, effective through December 11, 2020. Until December 11, 2020, the Department of Justice is prohibited from using congressionally appropriated funds to prevent any state or territory from implementing a law that authorizes the use, distribution, possession, or cultivation of medical marijuana. While Rohrabacher-Farr was renewed through December 11, 2020, it is uncertain whether the Congress will extend the Leahy Amendment beyond September 30, 2020. As of October 30, 2020, it had not done so. In signing Rohrabacher-Farr, President Trump issued a signing statement noting that the Act "provides that the Department of Justice may not use any funds to prevent implementation of medical cannabis laws by various States and territories," and further stating "[he] will treat this provision consistent with the President's constitutional responsibility to faithfully execute the law of the United States." While the signing statement can be fairly read to mean that the executive branch intends to enforce the CSA and other federal laws prohibiting the sale and possession of cannabis, the President did issue a similar signing

statement in 2017 and no major federal enforcement actions followed. Notably, Rohrabacher-Farr has applied only to medical cannabis programs and has not provided the same protections to enforcement against adult-use activities.

As of August 26, 2020, 33 states, plus the District of Columbia (and the territories of Guam, Puerto Rico, the U.S. Virgin Islands and the Northern Mariana Islands), have legalized the cultivation and sale of cannabis for medical purposes. In the November 3, 2020 U.S. national election, the ballots in Mississippi and South Dakota included initiatives that would legalize the medical use of marijuana by qualifying patients. As of the date of this Annual Information Form, a majority of voters in each of Mississippi and South Dakota voted in support of the medical marijuana initiatives for individuals who have a debilitating medical condition. It is important to note that the results of the November 3, 2020 South Dakota and Mississippi elections are still preliminary and have not yet been certified as final. In addition, Alaska, California, Colorado, Illinois, Maine, Massachusetts, Michigan, Nevada, Oregon, Vermont, Washington and the District of Columbia have legalized cannabis for adult use. In the November 3, 2020 U.S. national election, Arizona, Montana, New Jersey, and South Dakota included ballot measures that would legalize the possession and use of recreational marijuana. While a majority of voters in each respective state appears to have voted in support of the legalization, the results of each state's election are preliminary and have not yet been certified as final as of the date of this Annual Information Form.

The risk of federal enforcement and other risks associated with the Company's business are described in *Risk Factors*.

Regulation of the Cannabis Market at State and Local Levels

Below is a summary overview of the licensing and regulatory framework in the markets where the Company is expected to hold licenses, rights to operate or where its subsidiaries are expected to be actively expanding into the cannabis industry. The Company's licenses in Arizona, Massachusetts, New Mexico, and Puerto Rico were acquired in conjunction with or shortly after its Reverse Takeover.

Arizona

Arizona Regulatory Landscape

On November 2, 2010, Arizona voters enacted a medical cannabis initiative - Proposition 203 with 50.13% of the vote. The Arizona legislature thereafter enacted the Arizona Medical Marijuana Act ("**AMMA**"), decriminalizing the medical use of cannabis. Arizona Department of Health Services ("**ADHS**") finalized dispensary and registry identification card regulations on March 28, 2011. On April 14, 2011, it began accepting applications for registry cards that provide patients and their caregivers with protection from arrest. ADHS was preparing to accept dispensary applications starting in June and to register one dispensary for every 10 pharmacies in the state, totaling 125. However, on May 27, 2011, Gov. Jan Brewer led a federal lawsuit seeking a declaratory judgment on whether Arizona's new medical cannabis program conflicted with federal law. Her lawsuit was rejected in 2012.

The Arizona legislature subsequently rolled back some of Proposition 203's protections, such as possibly allowing an employer to fire a medical cannabis patient based on a report alleging workplace impairment from a colleague who is "believed to be reliable." The legislature also passed H.B. 2585, which contradicts Proposition 203 by adding medical cannabis patient data to the prescription drug-monitoring program. In 2015, the legislature again undermined patient

protections again with the passage of H.B. 2346, which specifies that nothing requires a government medical assistance program, a private health insurer or a workers' compensation carrier or self-insured employer providing workers' compensation benefits to reimburse a person for costs associated with the medical use of marijuana.

To qualify under Arizona's program, patients must have one of the listed debilitating medical conditions: cancer, HIV-positive; AIDS; Hepatitis C; glaucoma; amyotrophic lateral sclerosis (ALS); Crohn's disease; agitation of Alzheimer's disease; post-traumatic stress disorder, or a medical condition that produces wasting syndrome, severe and chronic pain, severe nausea, seizures, or severe and persistent muscle spasms, including those characteristics of multiple sclerosis.

On November 3, 2020, Proposition 207, the Marijuana Legalization Initiative, was on the ballot in Arizona. Proposition 207 seeks to legalize the possession and use of marijuana for adults age 21 years and older in Arizona. Individuals would be permitted to grow up to six marijuana plants within their own residence, in a lockable, enclosed area out of public view. The ADHS would be responsible for adopting rules to regulate adult-use marijuana including the licensing of marijuana retail stores, cultivation facilities, and production facilities. Current medical cannabis license-holders would receive first priority to apply for adult-use licenses. Among other provisions, Proposition 207 would impose an additional 16 percent tax on marijuana sales and create a Social Equity Ownership program which would issue licenses to entities whose owners are "from communities disproportionately impacted by the enforcement of previous marijuana laws". It would also empower local governments to ban marijuana facilities and testing centers and have control over elements of regulation, zoning and licensing of marijuana facilities. As of the date of this Annual Information Form, a majority of voters in Arizona appear to have voted to approve Proposition 207, although the results have not yet been certified by the Secretary of State.

Vireo's Licenses in Arizona

All medical cannabis certificates are vertically integrated and authorize the holders to cultivate and dispense medical cannabis to patients. Certificate holders must be not-for-profit entities. Elephant Head Farm and Retail Management Associates, LLC ("**RMA**"), which are subsidiaries of Vireo, perform fee based management services consisting of the operation of one dispensary and one cultivation and processing facility for a non-profit licensee, Arizona Natural Remedies, Inc. (the "**ANR**") (executives of the Company constitute all of the members of the board of directors of ANR). The non-profit licensee holds a Medical Marijuana Dispensary Registration Certificate, Approvals to Operate issued by the ADHS and a Special Use permit issued by the city of Phoenix, which collectively permit ANR to own a single dispensary in Phoenix and a cultivation and processing facility in southern Arizona.

Arizona Licenses and Regulations

Arizona state licenses are renewed annually. Each year, licensees are required to submit a renewal application per guidelines published by the ADHS. While renewals are annual, there is no ultimate expiry after which no renewals are permitted. Additionally, in respect of the renewal process, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and there are no material violations noted against the applicable licenses, the Company would expect to receive the applicable renewed license in the ordinary course of business. While the Company's compliance controls have been developed to mitigate the risk of any material violations of a license arising, there is no assurance that the Company's licenses will be renewed in the future in a timely manner.

Arizona is a vertically integrated system so that each license permits the holder to acquire, cultivate, process, distribute and/or dispense, deliver, manufacture, transfer, and supply medical marijuana in compliance with the Arizona Medical Marijuana Act and ADHS rules and regulations. For every ten (10) pharmacies that have registered under A.R.S. § 32-1929, have obtained a pharmacy permit from the Arizona Board of Pharmacy, and operate in the State, the ADHS may issue one non-profit medical cannabis dispensary registration certificate. Each dispensary registration certificate permits the license holder to: (i) open one dispensary and (ii) one cultivation facility and/or one processing facility. Cultivation and processing sites can be located anywhere in the State and are not limited to their district (Community Health Analysis Area) for their first three years of operation and may apply to relocate thereafter. All dispensaries must be not-for-profit. Arizona dispensary registration certificates are valid for one year after the date of issuance. The holder of a dispensary registration certificate must also submit an application for approval to operate a dispensary to the ADHS. An approval to operate a dispensary has the same expiration date as the dispensary registration certificate associated with the approval to operate the dispensary. A dispensary that has approval to operate as a dispensary issued by the DHS is subject to annual renewals of its dispensary registration certificate.

Arizona Reporting Requirements

The ADHS requires that dispensaries implement policies and procedures regarding inventory control, including tracking, packaging, acquisition and disposal of cannabis. ANR uses BioTrackTHC as its in-house computerized seed to sale software, which integrates with the state's program and captures the required data points for cultivation, manufacturing and retail as required in Arizona's medical cannabis laws and regulations. ANR is required to submit audited financial statements annually to ADHS.

The State of Arizona uses the ADHS Medical Marijuana Verification System ("**ADHS MMV**") to validate card holders, verify allotment amounts and track all retail transactions for Arizona qualified patients. The ADHS MMV system is also used annually by license holders to renew the dispensary registration certificate.

The Company uses BioTrack software as its computerized, seed-to-sale tracking and inventory system. Individual licensees whether directly or through third-party integration systems are required to capture and retain all information pertaining to the acquisition, possession, cultivation, manufacturing, delivery, transfer, transportation, supplying, selling, distributing, or dispensing of medical marijuana, to meet all reporting requirements for the State of Arizona.

Maryland

Maryland Regulatory Landscape

In 2012, a state law was enacted in Maryland to establish a state-regulated medical cannabis program. Legislation was signed in May 2013 and the program became operational on December 1, 2017. The Natalie M. LaPrade Maryland Medical Cannabis Commission (the "MMCC") regulates the state program and awarded operational licenses in a highly competitive application process. The market is divided into three primary classes of licenses: dispensary, cultivation and processing. Medical cannabis dispensary license pre-approvals were issued to 102 dispensaries out of a pool of over 800 applicants, 15 processing licenses were awarded out of a pool of 124 applicants and 15 cultivation licenses were awarded out of a pool of 146 applicants.

The medical cannabis program was written to allow access to medical cannabis for patients with

qualifying medical conditions, including: chronic pain, nausea, seizures, glaucoma and post-traumatic stress disorder.

For April 2018, Maryland lawmakers agreed to expand the state's medical cannabis industry by adding another 20 licenses, 7 for cultivation and 13 for processing. Permitted products for sale and consumption include oil-based formulations, dry flower and edibles and other concentrates.

Vireo's Licenses in Maryland

In Maryland, the Company owns one retail dispensary license which is not currently operational. The Company's license in Maryland was awarded to Vireo's affiliate MaryMed through merit-based license application processes. Merit-based license awards require limited investment and thus present high-return opportunities. Vireo believes that its medical and scientific background has helped the Company develop a competitive advantage in the marketplace with respect to applying and winning some merit-based license awards.

The Company also operates in Maryland a cultivation and production facility of 22,500 square feet to serve the wholesale market. Wholesale revenues have grown, driven in part by new product offerings and increased market penetration. In fiscal year 2020, Vireo anticipates continued revenue growth. MaryMed has signed a lease in Frederick, Maryland, and intends to develop a dispensary there, subject to regulator approval as discussed below. Vireo also plans to relocate its cultivation facility to a site in Massey, Maryland, as discussed elsewhere in this AIF.

Pending Vireo License in Maryland

MaryMed's Phase 1 approved for dispensary license for medical cannabis was granted and it is in the process of applying for Phase 2 approval. MaryMed was unable to identify a municipality in its authorized region that will permit operation of a medical cannabis dispensary. As a result, MMCC authorized MaryMed to locate a dispensary in a different region. MaryMed identified and entered into a lease for a dispensary site in the city of Frederick, Maryland, and expects to open a dispensary there, subject to regulator approval, in Q1 2021.

Maryland Licenses and Regulations

Maryland licenses are valid for a period of six years and are subject to four-year renewals after required fees are paid and provided that the business remains in good standing. Renewal requests are typically communicated through email from the MMCC and include a renewal form.

Maryland Reporting Requirements

The State of Maryland uses Marijuana Enforcement Tracking Regulation and Compliance system ("METRC") as the state's computerized T&T system for seed-to-sale. Individual licensees whether directly or through third-party integration systems are required to use this system for all reporting.

The State of Maryland uses METRC as the state's computerized T&T system for seed-to-sale. Individual licensees whether directly or through third-party integration systems are required to push data to the state to meet all reporting requirements. The Company uses a third-party application for its computerized seed to sale software, which integrates with the state's METRC program and captures the required data points for cultivation, manufacturing and retail as required in the Maryland Medical Cannabis law.

Minnesota

Minnesota Regulatory Landscape

Legislation passed during the 2014 Minnesota legislative session created a new process allowing seriously ill individuals from Minnesota to use medical cannabis to treat a set of nine qualifying medical conditions. The qualifying medical conditions were recently expanded to include intractable pain, post-Apnea. Beginning in August 2020, two additional qualifying conditions were added: chronic pain and age-related macular degeneration. The Medical Cannabis Program is regulated and administered by the Minnesota Department of Health which oversees all cultivation, production and distribution facilities. In the initial program the Minnesota Department of Health had registered two manufacturers, with each manufacturer having licenses for four distribution facilities across the state, so state enacted legislation that permits each manufacturer to open four additional distribution facilities, in the Congressional districts where it does not currently operate, so that each Congressional district will be served by one dispensary from each of the approved manufacturers.

Medical cannabis is provided to patients as a liquid, pill, topical (lotions, balms and patches), vaporized delivery method that does not require the use of dried leaves or plant form, water-soluble cannabinoid multi-particulates (for example, granules, powders and sprinkles) and orally dissolvable products such as lozenges, gums, mints, buccal tablets and sublingual tablets.

In terms of safety and security, there are several precautions built into the program. For example, registered manufacturers must contract with a laboratory for testing the quality and consistency of the medical cannabis products. Manufacturers' facilities are also subject to state inspections.

Minnesota has also implemented a process for monitoring and evaluating the health impacts of medical cannabis on patients which will be used to help patients and health professionals grow their understanding of the benefits, risks and side effects of medical cannabis.

Vireo's Licenses and Permits in Minnesota

The Company's licenses in Minnesota were each awarded to Vireo through merit-based license application processes. Merit-based license awards require limited investment and thus present high-return opportunities. Vireo believes that its medical and scientific background has helped the Company develop a competitive advantage in the marketplace with respect to applying and winning some merit-based license awards.

Vireo Health of Minnesota, LLC ("**Vireo Minnesota**"), which is a subsidiary of Vireo, holds one or two medical cannabis license to operate retail medical cannabis dispensaries in the state of Minnesota and operates four dispensary locations in Minnesota located in Bloomington, Rochester, Minneapolis, and Moorhead. Vireo Minnesota also has a cultivation and production facility in Otsego, MN.

Minnesota Licenses and Regulations

Vireo currently operates four retail dispensaries and one cultivation and production facility of approximately 90,000 square feet. Recent changes to the states qualifying conditions for medical cannabis patients have contributed to increases in patient enrollment, and the legislature also recently granted Vireo four additional dispensary licenses which are currently undeveloped. These additional dispensary licenses, combined with the potential for the state to add dry flower

to the list of allowed delivery methods, give Vireo's management team optimism that the Minnesota market remains a strong near-term growth opportunity for the Company.

Minnesota state licenses are renewed every two years. Every two years, licensees are required to submit a renewal application with the commissioner at least six months before its registration term expires per Minnesota Administrative Rules Part 4770.1460. The most recent manufacturer annual fee paid in 2019 was \$146,000 and is non-refundable. Additionally, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and there are no material violations noted against the applicable licenses, Vireo Minnesota expects to receive the applicable renewed license in the ordinary course of business. While Vireo Minnesota's compliance controls have been developed to mitigate the risk of any material violations of a license arising, there is no assurance that Vireo Minnesota's license will be renewed in the future in a timely manner. Any unexpected delays or costs associated with the licensing renewal process could impede the ongoing or planned operations of the Company and have a material adverse effect on the Company's business and financial results.

Minnesota Reporting Requirements

The State of Minnesota does not require a specific computerized T&T system for seed-to-sale. Individual licensees whether directly or through third-party integration systems are required to push data to the state to meet all reporting requirements.

Vireo Minnesota currently uses Leaf Logix to satisfy its reporting requirements.

New Mexico

New Mexico Regulatory Landscape

The Lynn & Erin Compassionate Use Act ("**Compassionate Use Act**") was signed into law in 2007 and became effective July 1, 2007. The Compassionate Use Act established the regulatory framework for use of medical cannabis by New Mexico residents and created the New Mexico Medical Cannabis Program ("**NMMCP**"). It allows practitioners to prescribe medical cannabis to patients with a debilitating medical condition (as defined in the Compassionate Use Act). Currently, there are at least 23 qualifying conditions under the Compassionate Use Act. When a practitioner determines that the patient has a debilitating medical condition and provides written certification so stating and that the potential health benefits of the cannabis use would likely outweigh the health risks for the patient, the patient can apply with the New Mexico Department of Health (the "**NMDOH**") for a registry identification card. A qualified patient is allowed to possess cannabis in an amount that is reasonably necessary to ensure uninterrupted availability of cannabis for a period of three months. In 2019, New Mexico announced it would begin permitting non-residents of the state to obtain cannabis under the Compassionate Use Act. However, in early 2020, that decision had been reversed. As of April 2020, there were over 80,000 patients registered in the program.

Vireo's Licenses in New Mexico

Vireo Health of New Mexico, LLC, a wholly-owned subsidiary of Vireo, currently operates two dispensaries located in Santa Fe and Gallup and a cultivation and processing facility located in Gallup for Red Barn Growers, a New Mexico non-profit licensee, pursuant to a management agreement.

New Mexico Licenses and Regulations

In New Mexico, Vireo currently operates an approximately 10,000 square feet of cultivation and production and has two operational retail dispensaries. Vireo may seek to expand cultivation throughout fiscal year 2020. The expansion is anticipated to support the launch of wholesale sales and the opening of two additional retail dispensary locations during the second half of 2020.

The NMMCP is overseen by NMDOH. The NMMCP has 35 Licensed Non-Profit Producers (LNPPs). LNPPs cultivate and distribute cannabis to qualified patients. The NMDOH is not accepting new applications for licensure of LNPPs at this time. Each LNPP can operate an unlimited number of dispensaries. The NMMCP approves third-party manufacturers to make cannabis-derived products that are then sold through the LNPPs. With approval by the NMMCP, LNPPs can also manufacture products to sell to patients.

New Mexico Reporting Requirements

The state of New Mexico uses BIOTRACKTHC[®] as the state's computerized T&T system used to track commercial cannabis activity and seed-to-sale. Individual licensees are required to push data to the state to meet all reporting requirements.

New York

New York Regulatory Landscape

Governor Cuomo signed the Compassionate Care Act into law on July 5, 2014. It allows patients to use medical cannabis if they have been diagnosed with a specific severe, debilitating or life-threatening condition that is accompanied by an associated or complicating condition. The law was expanded to include chronic pain and PTSD. The law has a sunset provision whereby it will expire after seven years unless renewed by the legislature.

Physicians must complete a New York State Department of Health-approved course and register with the New York Department of Health Medical Marijuana Program to certify patients. Practitioners must consult the New York State Prescription Monitoring Program Registry prior to issuing a certification to a patient for medical cannabis.

Patients who are certified by their practitioners are required to apply to obtain a registry identification card in order to obtain medical cannabis. Certified patients may designate up to two caregivers, who must also register with the New York State Department of Health, to obtain and administer medical cannabis products on behalf of the patients.

There are ten registered organizations which each hold a vertically integrated license allowing the cultivation, manufacture, transport, distribution and dispensation of medical cannabis. Registered organizations may only manufacture medical cannabis products in forms approved by the Commissioner of the Department of Health. Approved forms currently include metered liquid or oil preparations, solid and semisolid preparations (e.g. capsules, chewable and effervescent tablets, lozenges), metered ground plant preparations, and topical forms of transdermal patches. The Compassionate Care Act expressly provides that a certified medical use of cannabis does not include smoking and that all prices must be approved by the New York State Department of Health.

Each registered organization may have up to four dispensing facilities, owned and operated by

the registered organization, where approved medical cannabis products will be dispensed to certified patients or their designated caregivers, who have registered with the Department of Health. Dispensing facilities must report dispensing data to the New York State Prescription Monitoring Program Registry and consult the registry prior to dispensing approved medical cannabis products to certified patients or their designated caregivers.

Governor Cuomo has on several occasions indicated his intent to introduce legislation authorizing adult-use cannabis in New York. It is unclear how any such legislation will interact with the current medical cannabis regime and what effect, if any, such proposal will have on the business of Vireo.

Vireo's Licenses and Permits in New York

The Company's licenses in New York were each awarded to Vireo through merit-based license application processes. Merit-based license awards require limited investment and thus present high-return opportunities. Vireo believes that its medical and scientific background has helped the Company develop a competitive advantage in the marketplace with respect to applying and winning some merit-based license awards.

Through its subsidiary Vireo Health of New York, LLC, Vireo holds one of ten vertically integrated medical cannabis licenses. It currently has a manufacturing and production facility in Johnstown, NY and four dispensaries throughout the State in New York City (Queens) County, Binghamton, White Plains and Albany. It also operates a home-delivery service based out of its Queens dispensary.

Vireo's New York cultivation and processing facility is approximately 21 acres and comprised of 13,650 square foot of indoor cultivation space, 38,304 square feet of greenhouse cultivation space, and 7,350 square feet of laboratory and processing space. The balance of the land (20 acres total) is unimproved and available to Vireo for future expansion. The facility has been in continuous production and sale of cannabis since January 2016.

New York Licenses and Regulations

In New York, Vireo was one of the original five registered organizations, placing second in the initial selection process, and is currently one of only 10 registered organizations in the state. Vireo currently operates four retail dispensaries and one cultivation and production facility of approximately 60,000 square feet. It also operates a legal home-delivery business in and around New York City. While Vireo believes the long-term opportunity in New York is substantial, recent performance has been impacted by neighboring states transitioning to recreational-use jurisdictions, as well as by increasing competition from other developing operators. New product introductions and the beginning of wholesale revenue streams may contribute to improving profit margins in the future. Vireo anticipates additional growth of its home delivery service.

New York registered organizations licenses expire 2 years after the date of issuance. An application to renew any registration must be filed with the Department not more than six months nor less than four months prior to the expiration thereof. Registration fees are \$200,000 and are refundable if the applicant is not granted a renewal registration. Additionally, in respect of the renewal process, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and there are no material violations noted against the applicable licenses.

New York Reporting Requirements

The state of New York uses BIOTRACKTHC® as the state's computerized T&T system used to track commercial cannabis activity and seed-to-sale. Individual licensees are required to push data to the state to meet all reporting requirements.

Ohio

Ohio Regulatory Landscape

House Bill 523, effective on September 8, 2016, legalized medical cannabis in Ohio. The Ohio Medical Marijuana Control Program allows people with certain medical conditions, upon the recommendation of an Ohio-licensed physician certified by the State Medical Board, to purchase and use medical cannabis.

Three state government agencies are responsible for the oversight of the medical marijuana program: (1) the Ohio Department of Commerce is responsible for overseeing medical cannabis cultivators, processors and testing laboratories; (2) the State of Ohio Board of Pharmacy is responsible for overseeing medical cannabis retail dispensaries, the registration of medical cannabis patients and caregivers, the approval of new forms of medical cannabis and coordinating the Medical Marijuana Advisory Committee; and (3) the State Medical Board of Ohio is responsible for certifying physicians to recommend medical cannabis and may add to the list of qualifying conditions for which medical cannabis can be recommended.

Vireo's Licenses and Permits in Ohio

The Company's license in Ohio was awarded to Vireo through a merit-based license application process. Merit-based license awards require limited investment and thus present high-return opportunities. Vireo believes that its medical and scientific background has helped the Company develop a competitive advantage in the marketplace with respect to applying and winning certain merit-based license awards.

OMS operates a processing facility in Akron. OMS is owned exclusively by three Vireo executives and its business is managed by Vireo under a management agreement. OMS has also granted Vireo an option to exercise the right to acquire the entity. The option can only be exercised on approval of a change of control by the Ohio Department of Commerce.

Ohio Licenses and Regulations

In Ohio, Vireo currently operates an approximately 11,000 square foot production facility. The limited availability of biomass in the state limited production revenue opportunity for much of fiscal year 2019 as cultivators were ramping up production. Vireo expects to experience improved biomass availability in fiscal year 2020 and 2021. Vireo is also seeking opportunities to monetize this license or partner with other operators in the state on the processor license.

On June 4, 2018, the State of Ohio Board of Pharmacy awarded 56 medical cannabis provisional dispensary licenses. The licenses were awarded after an extensive review of 376 submitted dispensary applications.

By rule, the State of Ohio Board of Pharmacy is limited to issuing up to 60 dispensary licenses across the state but has the authority to increase the number of licenses starting September 8,

2018. Per the program rules, the Board will consider, on at least a biennial basis, whether enough medical cannabis dispensaries exist, considering the state population, the number of patients seeking to use medical cannabis, and the geographic distribution of dispensary sites.

Ohio Reporting Requirements

The Ohio Medical Marijuana Control Program has selected METRC to implement the “seed-to-sale” inventory tracking system to comply with the requirements of the statute and rules contained in Ohio Revised Code and Ohio Administrative Code Chapter 3796.

Pennsylvania

Pennsylvania Regulatory Landscape

The Pennsylvania medical cannabis program was signed into law on April 17, 2016 under Act 16 and provided access to state residents with one of 17 qualifying conditions, including epilepsy, chronic pain, and PTSD. The state, which consists of over 12 million U.S. citizens and qualifies as the fifth largest population in the US, operates as a high-barrier market with very limited market participation. The state originally awarded only 12 licenses to cultivate/process and 27 licenses to operate retail dispensaries.

Vireo’s Licenses and Permits in Pennsylvania

The Company’s license in Pennsylvania was awarded to Vireo through a merit-based license application process. Merit-based license awards require limited investment and thus present high-return opportunities. Vireo believes that its medical and scientific background has helped the Company develop a competitive advantage in the marketplace with respect to applying and winning certain merit-based license awards.

Vireo has operated in Pennsylvania through its subsidiaries, Pennsylvania Medical Solutions, LLC (“**PAMS**”) and Pennsylvania Dispensary Solutions, LLC (“**PDS**”). PDS was awarded one of the first 12 issued medical cannabis cultivation and processing licenses. The license authorizes PAMS to wholesale products to up to 150 licensed dispensary locations in Pennsylvania. Since obtaining its license, PAMS opened a production facility in northeast Pennsylvania and wholesales its products to the majority of third-party dispensaries in the Commonwealth. On August 11, 2020, Vireo sold PAMS to a subsidiary of Jushi Holdings, Inc. PDS is authorized to operate up to three dispensaries in the northeast region of Pennsylvania. It currently operates dispensaries in Scranton and Bethlehem.

Pennsylvania Licenses and Regulations

In Pennsylvania, Vireo has three retail dispensary licenses (two of which are currently operational). The Company’s retail business continues to grow in this medical market. There are two primary classes of licenses: licenses to grow and process medical cannabis products, and licenses to dispense medical cannabis products to patients. Grower/processors wholesale products to dispensaries. On March 22, 2018, it was announced that the final phase of the Pennsylvania medical cannabis program would initiate its rollout, which included 13 additional cultivation/processing licenses and 23 additional dispensary licenses. The application period ran from April 2018 through May 17, 2018. In the introductory months of the program, Pennsylvania’s medical cannabis dispensaries experienced supply shortages and were unable to keep up with statewide demand. It was announced on April 17, 2018 that dry flower would be included in the

regulations as an approved product form for sale and consumption (in addition to the already approved forms of concentrates, pills, and tinctures). Simultaneously, it was announced that the list of qualifying conditions would expand from 17 to 21, including additions of cancer remission therapy and opioid-addiction therapy.

Pennsylvania Reporting Requirements

The Commonwealth of Pennsylvania uses MJ Freeway as the state's computerized T&T system. Individual licensees are required to use MJ Freeway to push data to the state to meet all reporting requirements. Vireo uses MJ Freeway as its in-house computerized seed to sale software, which integrates with the state's MJ Freeway program and captures the required data points for cultivation, manufacturing and retail as required in the Pennsylvania medical cannabis laws and regulations.

Vireo Compliance Program

Expenditures for compliance with federal, state and local environmental laws and regulations are consistent from year to year and are not material to Vireo's financial results. The Company is compliant with all applicable regulations and properly disposes of the toxic and hazardous substances it uses in its operations.

Vireo is classified as having "direct" involvement in the U.S. marijuana industry and is in compliance with applicable licensing requirements and the regulatory framework enacted by each U.S. state in which it operates. The Company is not subject to any citations or notices of violation with applicable licensing requirements and the regulatory framework enacted by each applicable U.S. state that may have an impact on its licenses, business activities or operations.

With the oversight of the Company's General Counsel and Chief Compliance Officer, Vireo's Compliance Team oversees, maintains, and implements its compliance program. In addition to Vireo's internal legal department, Vireo has engaged state regulatory compliance counsel in many jurisdictions.

The Company's Compliance Team oversees training for cultivation, production and dispensary managers and employees, along with other department leaders and other designated persons as needed, on compliance with state and local laws and regulations.

Vireo's Compliance Team monitors all compliance notifications from the regulators and inspectors and lead the effort to timely resolve any issues identified. Vireo keeps records of all compliance notifications received from the state regulators or inspectors and how and when the issue was resolved.

Vireo has created comprehensive standard operating procedures that include detailed descriptions and instructions for receiving shipments of inventory, inventory tracking, recordkeeping and record retention practices related to inventory, as well as procedures for performing inventory reconciliation and ensuring the accuracy of inventory tracking and recordkeeping. Vireo maintains accurate records of its inventory at all licensed facilities. Vireo conducts audits of its cannabis and cannabis products inventories at least weekly in order to detect any possible diversion. In addition to weekly audits, security and/or compliance staff conduct unscheduled, unannounced audits to prevent complacency or the perception thereof. Adherence to Vireo's standard operating procedures is mandatory and ensures that Vireo's operations are compliant with the rules set forth by the applicable state and local laws, regulations,

ordinances, licenses and other requirements. Vireo ensures adherence to standard operating procedures by regularly conducting internal inspections and ensures that any issues identified are resolved quickly and thoroughly.

In January 2018, United States Attorney General, Jeff Sessions rescinded the Cole Memorandum and thereby created a vacuum of guidance for enforcement agencies and the Department of Justice. As an industry best practice, despite the recent rescission of the Cole Memorandum, Vireo continues to do the following to ensure compliance with the guidance provided by the Cole Memorandum:

- I. Ensure the operations of its subsidiaries and business partners are compliant with all licensing requirements related to cannabis operation by applicable state, county, municipality, town, township, borough, and other political/administrative divisions. To this end, Vireo retains appropriately experienced legal counsel to conduct the necessary due diligence to ensure compliance of such operations with all applicable regulations;
- II. The activities relating to cannabis business adhere to the scope of the licensing obtained. For example, in the states where only medical cannabis is permitted, cannabis products are only sold to patients who hold the necessary documentation whereas, in the states where cannabis is permitted for adult recreational use, in the future, Vireo intends to sell its cannabis products only to individuals who meet the requisite age requirements;
- III. Vireo adheres to compliant business practices and has implemented strict regulatory oversight to ensure that no revenue is distributed to criminal enterprises, gangs or cartels; and
- IV. Vireo conducts reviews of products and product packaging to ensure that the products comply with applicable regulations and contain necessary disclaimers about the contents of the products to prevent adverse public health consequences from cannabis use and prevent impaired driving.

Vireo will continue to monitor compliance on an ongoing basis in accordance with its compliance program and standard operating procedures. While Vireo's operations are in compliance with all applicable state laws, regulations and licensing requirements in all material respects, such activities remain illegal under United States federal law. For the reasons described above and the risks further described in Risk Factors below, there are significant risks associated with our business. Readers are strongly encouraged to carefully read all of the risk factors contained in Risk Factors.

RISK FACTORS

The following are certain factors relating to the Company's business. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not presently known to the Company or currently deemed immaterial by the Company, may also impair its operations. If any such risks actually occur, the Company's shareholders could lose all or part of their investment and its business, financial condition, liquidity, results of operations and prospects could be materially adversely affected and its ability to implement its growth plans could be adversely affected. The Company's shareholders should evaluate carefully the following risk factors associated with the Subordinate Voting Shares, along with the risk factors described elsewhere in this Annual Information Form.

Risks Related to the Regulatory System and Business Environment for Cannabis

Marijuana remains illegal under U.S. federal law, and enforcement of U.S. cannabis laws could change.

There are significant legal restrictions and regulations that govern the cannabis industry in the United States. Marijuana remains a Schedule I drug under the CSA, making it illegal under federal law in the United States to, among other things, cultivate, distribute or possess cannabis in the United States. In those states in which the use of marijuana has been legalized, its use remains a violation of federal law pursuant to the CSA. The CSA classifies marijuana as a Schedule I controlled substance, and as such, medical and adult use cannabis use is illegal under U.S. federal law. Unless and until the U.S. Congress amends the CSA with respect to marijuana (and the President approves such amendment), there is a risk that federal authorities may enforce current federal law. Financial transactions involving proceeds generated by, or intended to promote, cannabis-related business activities in the United States may form the basis for prosecution under applicable U.S. federal money laundering legislation. While the approach to enforcement of such laws by the federal government in the United States has trended toward non-enforcement against individuals and businesses that comply with medical or adult-use cannabis regulatory programs in states where such programs are legal, strict compliance with state laws with respect to cannabis will neither absolve Vireo of liability under U.S. federal law, nor will it provide a defense to any federal proceeding which may be brought against Vireo. Since federal law criminalizing the use of marijuana pre-empts state laws that legalize its use, enforcement of federal law regarding marijuana is a significant risk and would greatly harm our business, prospects, revenue, results of operation and financial condition. The enforcement of federal laws in the United States is a significant risk to the business of Vireo and any proceedings brought against Vireo thereunder may materially, adversely affect Vireo's operations and financial performance.

The Company's activities are, and will continue to be, subject to evolving regulation by governmental authorities. The Company is currently, or in the future expects to be, directly or indirectly engaged in the medical and adult use cannabis industry in the United States where local state law permits such activities. The legality of the production, cultivation, extraction, distribution, retail sales, transportation and use of cannabis differs among states in the United States. Due to the current regulatory environment in the United States, new risks may emerge, and management may not be able to predict all such risks.

As of August 26, 2020, there are 33 states, plus the District of Columbia (and the territories of Guam, Puerto Rico, the U.S. Virgin Islands and the Northern Mariana Islands), that have laws and/or regulations that recognize, in one form or another, legitimate medical uses for cannabis and consumer use of cannabis in connection with medical treatment. In the November 3, 2020 U.S. national election, the ballots in Mississippi and South Dakota included initiatives that would legalize the medical use of marijuana by qualifying patients. As of the date of this Annual Information Form, a majority of voters in each of Mississippi and South Dakota voted in support of the medical marijuana initiatives for individuals who have a debilitating medical condition. It is important to note that the results of the November 3, 2020 South Dakota and Mississippi elections are still preliminary and have not yet been certified as final. In addition, Alaska, California, Colorado, Illinois, Maine, Massachusetts, Michigan, Nevada, Oregon, Vermont, Washington and the District of Columbia have legalized cannabis for adult use. In the November 3, 2020 U.S. national election, Arizona, Montana, New Jersey, and South Dakota included ballot measures that would legalize the possession and use of recreational marijuana. While a majority of voters in each respective state appears to have voted in support of the legalization, the results of each

state's election are preliminary and have not yet been certified as final as of the date of this Annual Information Form.

Because the Company's current and anticipated future activities in the medical and adult use cannabis industry may be illegal under the applicable federal laws of the United States, there can be no assurances that the U.S. federal government will not seek to enforce the applicable laws against the Company. The consequences of such enforcement could be materially adverse to the Company and its business, including its reputation, profitability and the market price of its publicly traded Subordinate Voting Shares, and could result in the forfeiture or seizure of all or substantially all of its assets.

Due to the conflicting views between state legislatures and the federal government regarding cannabis, cannabis businesses are subject to inconsistent laws and regulations. There can be no assurance that the U.S. federal government will not enforce federal laws relating to marijuana and seek to prosecute cases involving marijuana businesses that are otherwise compliant with state laws in the future. The prior U.S. administration attempted to address the inconsistent treatment of cannabis under state and federal law in the Cole Memorandum that Deputy Attorney General James Cole sent to all U.S. Attorneys in August 2013, which outlined certain priorities for the U.S. Department of Justice (the "DOJ") relating to the prosecution of cannabis offenses. The Cole Memorandum noted that, in jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, production, distribution, sale and possession of cannabis, conduct in compliance with such laws and regulations was not a priority for the DOJ. However, the DOJ did not provide (and has not provided since) specific guidelines for what regulatory and enforcement systems would be deemed sufficient under the Cole Memorandum.

On January 4, 2018, former U.S. Attorney General Jeff Sessions formally issued the Sessions Memorandum, which rescinded the Cole Memorandum effective upon its issuance. The Sessions Memorandum stated, in part, that current law reflects "Congress' determination that cannabis is a dangerous drug and cannabis activity is a serious crime," and Mr. Sessions directed all U.S. Attorneys to enforce the laws enacted by Congress and to follow well-established principles when pursuing prosecutions related to cannabis activities.

As a result of the Sessions Memorandum, federal prosecutors are now free to utilize their prosecutorial discretion to decide whether to prosecute cannabis activities, despite the existence of state-level laws that may be inconsistent with federal prohibitions. No direction was given to federal prosecutors in the Sessions Memorandum as to the priority they should ascribe to such cannabis activities, and thus it is uncertain how active U.S. federal prosecutors will be in the future in relation to such activities.

There can be no assurance that the federal government will not enforce federal laws relating to cannabis and seek to prosecute cases involving cannabis businesses that are otherwise compliant with state laws in the future. Jeff Sessions resigned as U.S. Attorney General on November 7, 2018. On February 14, 2019, William Barr was confirmed as U.S. Attorney General. Mr. Barr has stated that he does not support cannabis legalization but has also stated that he does not intend to prosecute cannabis businesses in compliance with state laws. Most states that have legalized cannabis continue to craft their regulations pursuant to the Cole Memorandum and federal enforcement agencies have taken little or no action against state-compliant cannabis businesses. However, the DOJ may change its enforcement policies at any time, with or without advance notice.

The uncertainty of U.S. federal enforcement practices going forward and the inconsistency between U.S. federal and state laws and regulations present major risks for the Company.

There is a substantial risk of regulatory or political change

The success of the Company's business strategy depends on the legality of the cannabis industry in the United States. The political environment surrounding the cannabis industry in the United States in general can be volatile and the regulatory framework in the United States remains in flux. Despite the currently implemented laws and regulations in the U.S. and its territories to legalize and regulate the cultivation, production, processing, sale, possession and use of cannabis, and additional states that have pending legislation regarding the same, the risk remains that a shift in the regulatory or political realm could occur and have a drastic impact on the industry as a whole, adversely impacting our ability to successfully invest and/or participate in the selected business opportunities.

Further, there is no guarantee that at some future date, voters and/or the applicable legislative bodies will not repeal, overturn or limit any such legislation legalizing the sale, disbursement and consumption of medical or adult-use cannabis. It is also important to note that local and city ordinances may strictly limit and/or restrict disbursement of cannabis in a manner that will make it extremely difficult or impossible to transact business that is necessary for the continued operation of the cannabis industry.

Cannabis remains illegal under U.S. federal law, and the U.S. federal government could bring criminal and civil charges against us or our subsidiaries or our investments at any time. Federal actions against any individual or entity engaged in the cannabis industry or a substantial repeal of cannabis-related legislation could have a material adverse effect on our business, financial condition or results of operations.

The Company may be subject to action by the U.S. federal government through various government agencies for participation in the cannabis industry.

Since the cultivation, processing, production, distribution and sale of cannabis for any purpose, medical, adult use or otherwise, remain illegal under U.S. federal law, it is possible that the Company may be forced to cease any such activities. The U.S. federal government, through, among others, the DOJ, its sub-agency the Drug Enforcement Administration (“**DEA**”) and the U.S. Internal Revenue Service (the “**IRS**”), has the right to actively investigate, audit and shut down cannabis growing facilities, processors and retailers. The U.S. federal government may also attempt to seize the Company's property. Any action taken by the DOJ, the DEA and/or the IRS to interfere with, seize or shut down its operations will have an adverse effect on its business, prospects, revenue, results of operation and financial condition.

Since federal law criminalizing the use of cannabis pre-empts state laws that legalize its use, the federal government can assert criminal violations of federal law despite state laws permitting the use of cannabis. While it does not appear that federal law enforcement and regulatory agencies are focusing resources on licensed marijuana-related businesses that are operating in compliance with state law, the stated position of the current administration is hostile to legal cannabis. As the rescission of the Cole Memorandum and the implementation of the Sessions Memorandum demonstrate, the DOJ may at any time issue additional guidance that directs federal prosecutors to devote more resources to prosecuting marijuana related businesses. In the event that the DOJ under U.S. Attorney General Barr aggressively pursues financiers or equity owners of cannabis-related businesses, and U.S. Attorneys follow the DOJ policies through pursuing prosecutions,

then the Company could face:

- I. seizure of its cash and other assets used to support or derived from its cannabis subsidiaries;
- II. the arrest of its employees, directors, officers, managers and investors; and
- III. ancillary criminal violations of the CSA for aiding and abetting, and conspiracy to violate the CSA by providing financial support to cannabis companies that service or provide goods to state-licensed or permitted cultivators, processors, distributors and/or retailers of cannabis.

Because the Cole Memorandum was rescinded, the DOJ under the current administration or an aggressive federal prosecutor could allege that the Company and its Board and, potentially, its shareholders, “aided and abetted” violations of federal law by providing finances and services to its portfolio cannabis companies. Under these circumstances, federal prosecutors could seek to seize the Company’s assets, and to recover the “illicit profits” previously distributed to shareholders resulting from any of its financing or services. In these circumstances, its operations would cease, shareholders may lose their entire investments and directors, officers and/or shareholders may be left to defend any criminal charges against them at their own expense and, if convicted, be sent to federal prison.

Additionally, there can be no assurance as to the position any new administration may take on marijuana, and a new administration could decide to enforce the federal laws more aggressively. Any enforcement of current federal marijuana laws could cause significant financial damage to the Company and its shareholders. Further, future presidential administrations may choose to treat marijuana differently and potentially enforce the federal laws more aggressively.

Violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. These results could have a material adverse effect on the Company, including its reputation and ability to conduct business, its holding (directly or indirectly) of cannabis licenses in the United States, the listing of its securities on various stock exchanges, its financial position, operating results, profitability or liquidity or the market price of its Subordinate Voting Shares. In addition, it is difficult to estimate the time or resources that would be needed for the investigation or final resolution of any such matters because: (i) the time and resources that may be needed depend on the nature and extent of any information requested by the authorities involved, and (ii) such time or resources could be substantial.

U.S. state and local regulation of cannabis is uncertain and changing.

There is no assurance that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. If the U.S. federal government begins to enforce U.S. federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing state laws are repealed or curtailed, the Company’s business or operations in those states or under those laws would be materially and adversely affected. Federal actions against any individual or entity engaged in the cannabis industry or a substantial repeal of cannabis related legislation could materially adversely affect the Company, its business and its

assets or investments.

The rulemaking process at the state level that applies to cannabis operators in any state will be ongoing and result in frequent changes. As a result, a compliance program is essential to manage regulatory risk. All operating policies and procedures implemented by the Company are compliance-based and are derived from the state regulatory structure governing ancillary cannabis businesses and their relationships to state-licensed or permitted cannabis operators, if any. Notwithstanding the Company's efforts and diligence, regulatory compliance and the process of obtaining regulatory approvals can be costly and time-consuming. No assurance can be given that the Company will receive and maintain the necessary licenses, permits or cards to continue operating its business.

Local laws and ordinances could also restrict the Company's business activity. Although its operations are legal under the laws of the states in which the Company operates, local governments often have the ability to limit, restrict and ban cannabis businesses from operating within their jurisdiction. Land use, zoning, local ordinances and similar laws could be adopted or changed and have a material adverse effect on the Company's business.

Multiple states where medical and/or adult use cannabis is legal have or are considering special taxes or fees on businesses in the marijuana industry. It is uncertain at this time whether other states are in the process of reviewing such additional taxes and fees. The implementation of special taxes or fees could have a material adverse effect upon the Company's business, prospects, revenue, results of operation and financial condition.

The Company currently operates facilities or provides services to cannabis dispensaries in Arizona, Minnesota, New Mexico, New York and Pennsylvania.

State regulatory agencies may require the Company to post bonds or significant fees.

There is a risk that a greater number of state regulatory agencies will begin requiring entities engaged in certain aspects of the business or industry of legal marijuana to post a bond or significant fees when applying, for example, for a dispensary license or renewal as a guarantee of payment of sales and franchise taxes. The Company is not able to quantify at this time the potential scope of such bonds or fees in the states in which the Company currently operates or may in the future operate. Any bonds or fees of material amounts could have a negative impact on the ultimate success of the Company's business.

The Company may be subject to heightened scrutiny by United States and Canadian authorities.

Currently, the Subordinate Voting Shares are traded on the CSE and on the OTCQX Market in the U.S. in the United States. Our business, operations and investments in the United States, and any such future business, operations or investments, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada and the United States. As a result, we may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on our ability to operate or invest in the United States or any other jurisdiction, in addition to those described herein.

In 2017, there were concerns that the Canadian Depository for Securities Limited, through its subsidiary CDS Clearing and Depository Services Inc. ("**CDS**"), Canada's central securities

depository (clearing and settling trades in the Canadian equity, fixed income and money markets), would refuse to settle trades for cannabis issuers that have investments in the United States. However, CDS has not implemented this policy.

On February 8, 2018, the Canadian Securities Administrators published Staff Notice 51-352 describing the Canadian Securities Administrators' disclosure expectations for specific risks facing issuers with cannabis-related activities in the U.S. Staff Notice 51-352 confirms that a disclosure-based approach remains appropriate for issuers with U.S. cannabis-related activities. Staff Notice 51-352 includes additional disclosure expectations that apply to all issuers with U.S. cannabis-related activities, including those with direct and indirect involvement in the cultivation and distribution of cannabis, as well as issuers that provide goods and services to third parties involved in the U.S. cannabis industry.

On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group, which is the owner and operator of CDS, announced the signing of a Memorandum of Understanding ("MOU") with Aequitas NEO Exchange Inc., the Canadian Securities Exchange, the Toronto Stock Exchange and the TSX Venture Exchange. The MOU outlines the parties' understanding of Canada's regulatory framework applicable to the rules, procedures and regulatory oversight of the exchanges and CDS as it relates to issuers with cannabis-related activities in the United States. The MOU confirms, with respect to the clearing of listed securities, that CDS relies on the Canadian securities exchanges to review the conduct of listed issuers. The MOU notes that securities regulation requires that the rules of each of the exchanges must not be contrary to the public interest and that the rules of each of the exchanges have been approved by the securities regulators. Pursuant to the MOU, CDS will not ban accepting deposits of or transactions for clearing and settlement of securities of issuers with cannabis-related activities in the United States. Even though the MOU indicated that there are no plans to ban the settlement of securities through CDS, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were implemented at a time when the Subordinate Voting Shares are listed on a Canadian stock exchange, it would have a material adverse effect on the ability of holders of Subordinate Voting Shares to make and settle trades. In particular, the Subordinate Voting Shares would become highly illiquid until an alternative (if available) was implemented, and investors would have no ability to effect a trade of Subordinate Voting Shares through the facilities of the applicable Canadian stock exchange.

The Company may face state limitations on ownership of cannabis licenses.

Certain jurisdictions in which the Company operates or expects to operate limit the number of cannabis licenses and certain economic or commercial interests in the entity that holds the license that can be held by one entity within that state. As a result of the completion of certain acquisition transactions that the Company has entered into or may enter into in the future, it may potentially hold more than the prescribed number of licenses or economic or commercial interests in a licensed entity in certain states, and accordingly may be required to divest certain licenses or entities that hold such license in order to comply with applicable regulations. The divestiture of certain licenses or entities that hold such licenses may result in a material adverse effect on the Company's business, financial condition or results of operations.

The Company may become subject to FDA or ATF regulation.

Marijuana remains a Schedule I controlled substance under U.S. federal law. If the federal government reclassifies marijuana to a Schedule II controlled substance, it is possible that the U.S.

Food and Drug Administration (the “**FDA**”) would seek to regulate cannabis under the Food, Drug and Cosmetics Act of 1938, as amended (the “**FDCA**”). The FDA is responsible for ensuring public health and safety through regulation of food, drugs, supplements and cosmetics, among other products, through its enforcement authority pursuant to the FDCA. FDA’s responsibilities include regulating the ingredients as well as the marketing and labeling of drugs sold in interstate commerce. Because marijuana is federally illegal to produce and sell, and because it has few federally recognized medical uses, the FDA has historically deferred enforcement related to cannabis to the DEA; however, the FDA has enforced the FDCA with regard to industrial hemp-derived products, especially CBD derived from industrial hemp sold outside of state-regulated cannabis businesses. The FDA has recently affirmed its authority to regulate CBD derived from both marijuana and industrial hemp, and its intention to develop a framework for regulating the production and sale of CBD derived from industrial hemp.

Additionally, the FDA may issue rules and regulations, including good manufacturing practices, related to the growth, cultivation, harvesting, processing, and production of medical cannabis. Clinical trials may be needed to verify the efficacy and safety of cannabis and cannabis products. It is also possible that the FDA would require facilities where medical use cannabis is grown to register with the FDA and comply with certain federally prescribed regulations. In the event that some or all of these regulations are imposed, the impact they would have on the cannabis industry is unknown, including the costs, requirements and possible prohibitions that may be enforced. If the Company is unable to comply with the potential regulations or registration requirements prescribed by the FDA, it may have a material, adverse effect on its business, prospects, revenue, results of operation and financial condition.

It is also possible that the federal government could seek to regulate cannabis under the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives (“**ATF**”). The ATF may issue rules and regulations related to the use, transporting, sale and advertising of cannabis or cannabis products.

Cannabis businesses are subject to applicable anti-money laundering laws and regulations and have restricted access to banking and other financial services.

Each of the Company and its subsidiaries is subject to a variety of laws and regulations domestically and in the U.S. that involve money laundering, financial record-keeping and proceeds of crime, including the U.S. Currency and Foreign Transactions Reporting Act of 1970 (commonly known as the “**Bank Secrecy Act**”), as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada)*, as amended, and the rules and regulations thereunder, and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the

U.S. and Canada. Further, under U.S. federal law, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering, aiding and abetting, or conspiracy.

The Financial Crimes Enforcement Network (“**FinCEN**”) of the U.S. Department of the Treasury issued the FinCEN Memorandum on February 14, 2014, outlining the pathways for financial institutions to bank cannabis businesses in compliance with federal enforcement priorities. The FinCEN Memorandum states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of federal money laundering laws. The FinCEN Memorandum refers to the Cole Memorandum’s enforcement priorities.

The revocation of the Cole Memorandum has not yet affected the status of the FinCEN Memorandum, nor has FinCEN given any indication that it intends to rescind the FinCEN Memorandum itself. Shortly after the Sessions Memorandum was issued, FinCEN did state that it would review the FinCEN Memorandum, but FinCEN has not yet issued further guidance.

Although the FinCEN Memorandum remains intact, it is unclear whether the current administration will continue to follow its guidelines. The DOJ continues to have the right and power to prosecute crimes committed by banks and financial institutions, such as money laundering and violations of the Bank Secrecy Act, that occur in any state including states that have in some form legalized the sale of cannabis. Further, the conduct of the DOJ's enforcement priorities could change for any number of reasons. A change in the DOJ's priorities could result in the prosecution of banks and financial institutions for crimes that were not previously prosecuted.

If the Company's operations, or proceeds thereof, dividend distributions or profits or revenues derived from its operations were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds from a crime (the sale of a Schedule I drug) under the Bank Secrecy Act's money laundering provisions. This may restrict the Company's ability to declare or pay dividends or effect other distributions.

The FinCEN Memorandum does not provide any safe harbors or legal defenses from examination or regulatory or criminal enforcement actions by the DOJ, FinCEN or other federal regulators. Thus, most banks and other financial institutions in the United States do not appear comfortable providing banking services to cannabis-related businesses or relying on this guidance given that it has the potential to be amended or revoked by the current administration. In addition to the foregoing, banks may refuse to process debit card payments and credit card companies generally refuse to process credit card payments for cannabis-related businesses. As a result, the Company may have limited or no access to banking or other financial services in the United States. In addition, federal money laundering statutes and Bank Secrecy Act regulations discourage financial institutions from working with any organization that sells a controlled substance, regardless of whether the state it operates in permits cannabis sales. The inability or limitation of the Company's ability to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments may make it difficult for the Company to operate and conduct its business as planned or to operate efficiently.

Banks and other depository institutions are currently hindered by federal law from providing financial services to marijuana businesses, even in states where those businesses are regulated.

The Company operates in a highly regulated sector and may not always succeed in complying fully with applicable regulatory requirements in all jurisdictions where it carries on business.

The Company's business and activities are heavily regulated in all jurisdictions where it carries on business. The Company's operations are subject to various laws, regulations and guidelines by state and local governmental authorities relating to the manufacture, marketing, management, transportation, storage, sale, pricing and disposal of cannabis, cannabis oil and consumable cannabis products, and also including laws and regulations relating to health and safety, insurance coverage, the conduct of operations and the protection of the environment. Laws and regulations, applied generally, grant government agencies and self-regulatory bodies broad administrative discretion over the Company's activities, including the power to limit or restrict business activities as well as impose additional disclosure requirements on the Company's products and services. Achievement of the Company's business objectives is contingent, in part, upon compliance with

regulatory requirements enacted by these governmental authorities and obtaining all necessary regulatory approvals for the manufacture, production, storage, transportation, sale, import and export, as applicable, of its products. The commercial cannabis industry is still a new industry at the state and local level. The effect of relevant governmental authorities' administration, application and enforcement of their respective regulatory regimes and delays in obtaining, or failure to obtain, applicable regulatory approvals which may be required may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on the Company's business, prospects, revenue, results of operation and financial condition.

While the Company endeavors to comply with all relevant laws, regulations and guidelines and, to its knowledge, the Company is in compliance with or is in the process of being assessed for compliance with all such laws, regulations and guidelines, any failure to comply with the regulatory requirements applicable to its operations may lead to possible sanctions including the revocation or imposition of additional conditions on licenses to operate its business; the suspension or expulsion from a particular market or jurisdiction or of its key personnel; the imposition of additional or more stringent inspection, testing and reporting requirements; and the imposition of fines and censures. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increase compliance costs or give rise to material liabilities and/or revocation of its licenses and other permits, which could have a material adverse effect on the Company's business, results of operations and financial condition. Furthermore, governmental authorities may change their administration, application or enforcement procedures at any time, which may adversely impact the Company's ongoing costs relating to regulatory compliance.

Because cannabis is illegal under U.S. federal law, the Company may be unable to access to U.S. bankruptcy protections in the event of the Company's bankruptcy or a bankruptcy in an entity in which the Company invests.

Many courts have denied cannabis businesses bankruptcy protections because the use of cannabis is illegal under federal law. In the event of a bankruptcy, it would be very difficult for lenders to recoup their investments in the cannabis industry. If the Company were to experience a bankruptcy, there is no guarantee that U.S. federal bankruptcy protections would be available to the Company, which would have a material adverse effect on the Company.

Additionally, there is no guarantee that the Company will be able to effectively enforce any interests the Company may have in its other subsidiaries and investments. A bankruptcy or other similar event related to an entity in which the Company holds an interest that precludes such entity from performing its obligations under an agreement may have a material adverse effect on its business, financial condition or results of operations. Further, should an entity in which the Company holds an interest have insufficient assets to pay its liabilities, it is possible that other liabilities will be satisfied prior to the liabilities or equity owed to the Company. In addition, bankruptcy or other similar proceedings are often a complex and lengthy process, the outcome of which may be uncertain and could result in a material adverse effect on the Company's business, financial condition or results of operations.

Because the Company's contracts involve cannabis and related activities, which are not legal under U.S. federal law, the Company may face difficulties in enforcing its contracts.

Because the Company's contracts involve cannabis and other activities that are not legal under federal law and in some state jurisdictions, the Company may face difficulties in enforcing its

contracts in federal courts and certain state courts. Therefore, there is uncertainty as to whether the Company will be able to legally enforce its agreements, which could have a material adverse effect on the Company.

The Company may not be able to secure its payment and other contractual rights with liens on the inventory or licenses of its clients and contracting parties under applicable state laws.

In general, the laws of the various states that have legalized cannabis sale and cultivation do not expressly or impliedly allow for the pledge of inventory containing cannabis as collateral for the benefit of third parties, such as the Company and its subsidiaries, that do not possess the requisite licenses and entitlements to cultivate, process, sell, or possess cannabis pursuant to the applicable state law. Likewise, the laws of those states generally do not allow for transfer of the licenses and entitlements to sell or cultivate cannabis to third parties that have not been granted such licenses and entitlements by the applicable state agency. The Company's inability to secure its payment and other contractual rights with liens on the inventory and licenses of its clients and contracting parties increases the risk of loss resulting from breaches of the applicable agreements by the contracting parties, which, in turn, could have a material adverse effect on its business, financial condition or results of operations.

Because marijuana is illegal under U.S. federal law, marijuana businesses may be subject to civil asset forfeiture.

Because the cannabis industry remains illegal under U.S. federal law, any properties 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.

The Company may be subject to constraints on and differences in marketing its products under varying state laws.

There may be restrictions on sales and marketing activities imposed by government regulatory bodies that could hinder the development of the Company's business and operating results. Restrictions may include regulations that specify what, where and to whom product information and descriptions may appear and/or be advertised. Marketing, advertising, packaging and labeling regulations also vary from state to state, potentially limiting the consistency and scale of consumer branding communication and product education efforts. The regulatory environment in the U.S. limits the Company's ability to compete for market share in a manner similar to other industries. If the Company is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, its sales and operating results could be materially, adversely affected.

The results of future clinical research may be unfavorable to cannabis which may have a material adverse effect on the demand for the Company's products.

The cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis produced. Consumer perception can be significantly influenced by scientific research or findings regarding the consumption of cannabis products.

There can be no assurance that future scientific research or findings will be favorable to the cannabis market or any particular product, or consistent with earlier research or findings. Research in Canada, the U.S. and internationally regarding the medical benefits, viability, safety, efficacy and dosing of cannabis or isolated cannabinoids (such as CBD and THC) remains in early stages. There have been relatively few clinical trials on the benefits of cannabis or isolated cannabinoids. Although the Company believes that various articles, reports and studies support our beliefs regarding the medical benefits, viability, safety, efficacy and dosing of cannabis, future research and clinical trials may prove such statements to be incorrect, or could raise concerns regarding cannabis. Future research studies and clinical trials may draw opposing conclusions to those stated in this Annual Information Form or reach negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing, or other facts related to cannabis, which could have a material, adverse effect on the demand for The Company's products, and therefore on its business, prospects, revenue, results of operation and financial condition.

Inconsistent public opinion and perception of the medical and adult-use cannabis industry hinders market growth and state adoption.

Public opinion and support for medical and adult-use cannabis has traditionally been inconsistent and varies from jurisdiction to jurisdiction. While public opinion and support appears to be rising generally for legalizing medical and adult-use cannabis, it remains a controversial issue subject to differing opinions surrounding the level of legalization (for example, medical cannabis as opposed to legalization in general). Inconsistent public opinion and perception of the medical and adult-use cannabis may hinder growth and state adoption which could have a material adverse effect on the Company's business, financial condition or results of operations.

The Company's ability to generate revenue and be successful in the implementation of its business plan is dependent on consumer acceptance of and demand for its product lines. The Company's management believes the medical and adult-use cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis produced. Acceptance of the Company's products will depend on several factors, including availability, cost, ease of use, familiarity of use, convenience, effectiveness, safety, and reliability. If customers do not accept its products, or if the Company fails to meet customers' needs and expectations adequately, the Company's ability to continue generating revenues could be reduced. Consumer perception of the Company's products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical and adult-use cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the medical and adult-use cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's products and its business, results of operations, financial condition and cash flows. The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Company, the demand for its products, and its business, results of operations, financial condition and cash flows. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or its products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such

products resulted from consumers' failure to consume such products appropriately or as directed.

Investors in the Company who are not U.S. citizens may be denied entry into the United States.

Because cannabis remains illegal under United States federal law, those individuals who are not U.S. citizens employed at or investing in legal and licensed U.S. cannabis companies could face detention, denial of entry or lifetime bans from the United States for their business associations with U.S. cannabis businesses. Entry happens at the sole discretion of U.S. Customs and Border Protection ("CBP") officers on duty, and these officers have wide latitude to ask questions to determine the admissibility of a foreign national. The government of Canada has started warning travelers on its website that previous use of cannabis, or any substance prohibited by United States federal laws, could mean denial of entry to the United States. Business or financial involvement in the legal cannabis industry in Canada or in the United States could also be reason enough for United States border guards to deny entry. On September 21, 2018, CBP released a statement outlining its current position with respect to enforcement of the laws of the United States. It stated that Canada's legalization of cannabis will not change CBP enforcement of United States laws regarding controlled substances and, because cannabis continues to be a controlled substance under United States law, working in or facilitating the proliferation of the legal cannabis industry in U.S. states where it is deemed legal or Canada may affect admissibility to the United States. As a result, CBP has affirmed that, employees, directors, officers, managers and investors of companies involved in business activities related to cannabis in the United States or Canada (such as the Company), who are not United States citizens face the risk of being barred from entry into the United States for life. On October 9, 2018, CBP released an additional statement regarding the admissibility of Canadian citizens working in the legal cannabis industry. CBP stated that a Canadian citizen working in or facilitating the proliferation of the legal cannabis industry in Canada coming into the United States for reasons unrelated to the cannabis industry will generally be admissible to the United States; however, if such person is found to be coming into the United States for reasons related to the cannabis industry, such person may be deemed inadmissible.

As a cannabis business, the Company is subject to unfavorable tax treatment under the Code.

Under Section 280E of the Code, no deduction or credit is allowed for any amount paid or incurred during the taxable year in carrying on any trade or business if the trade or business (or the activities which comprise the trade or business) consists of trafficking in controlled substances (within the meaning of Schedules I and II of the CSA), which is prohibited by U.S. federal law or the law of any state in which that trade or business is conducted. The IRS has applied this provision to cannabis operations, prohibiting them from deducting many expenses associated with cannabis businesses other than certain costs and expenses related to cannabis cultivation and manufacturing operations. Accordingly, Section 280E has a significant impact on the operations of cannabis companies and an otherwise profitable business may operate at a loss, after taking into account its U.S. income tax expenses.

If the Company's operations are found to be in violation of applicable money laundering legislation and its revenues are viewed as proceeds of crime, the Company may be unable to effect distributions or repatriate funds to Canada.

The Company is subject to a variety of laws and regulations domestically and in the U.S. that involve money laundering, financial record-keeping and proceeds of crime, including the Bank Secrecy Act as amended by Title III of the Uniting and Strengthening America by Providing

Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), as amended, and the rules and regulations thereunder, and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the U.S. and Canada.

If the operations of the Company or its subsidiaries, or any proceeds thereof, any dividend distributions or any profits or revenues derived from these operations in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above, or any other applicable legislation. This could have a material adverse effect on the Company and, among other things, could restrict or otherwise jeopardize its ability to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada.

Risks Related to the Company's Business and Operations

The Company incurred net losses in the three months and six months ended June 30, 2020 and fiscal years 2019 and 2018 with net cash used in operating activities and cannot provide assurance as to when or if it will become profitable and generate cash in its operating activities.

The Company incurred a net loss of \$57,010,486 and \$3,077,353 and net cash used in operating activities of \$22,458,459 and \$9,224,880 for the fiscal years ended December 31, 2019 and 2018, respectively. In addition, the Company incurred net losses of \$11,001,240 and \$5,319,214 and net cash used in operating activities of \$4,252,313 and \$7,576,718 for the three and six months ended June 30, 2020 and 2019, respectively. As of June 30, 2020, the Company had an aggregate accumulated deficit of \$71,089,079. Such losses have historically required the Company to seek additional funding through the issuance of debt or equity securities. In addition, the Company historically experienced and may prospectively experience fluctuations in the Company's quarterly earnings due to the nature of our business. The Company's long-term success is dependent upon among other things, achieving positive cash flows from operations and augmenting such cash flows using external resources to satisfy the Company's cash needs and there is no assurance that the Company will be able to achieve such cash flows.

The Company anticipates requiring substantial additional financing to operate its business and it may face difficulties acquiring additional financing on terms acceptable to the Company or at all.

The Company will need additional capital to sustain its operations and will likely need to seek further financing. If the Company fails to raise additional capital, as needed, its ability to implement its business model and strategy could be compromised. To date, the Company's operations and expansion of its business have been funded primarily from cash-flow from operations as substantially supplemented by the proceeds of debt and equity financings and the sale of its former Pennsylvania grower/processor subsidiary. The Company expects to require substantial additional capital in the future primarily to fund working capital requirements of its business, including operational expenses, operationalizing existing licenses, planned capital expenditures including the focused development and growth of cultivation and dispensary facilities, debt service and acquisitions.

Even if the Company obtains financing for its near-term operations and expansion, it expects that it will require additional capital thereafter. The Company's capital needs will depend on numerous factors including: (i) its profitability; (ii) the release of competitive products by its competition; (iii)

the level of its investment in research and development; and (iv) the amount of its capital expenditures, including acquisitions, and debt service.

If the Company raises additional funds through the issuance of equity or convertible debt securities, the percentage ownership held by its existing shareholders will be reduced and its shareholders may experience significant dilution. In addition, new securities may contain rights, preferences, or privileges that are senior to those of existing securities. If the Company raises additional capital by incurring debt, this will result in increased interest expense. If the Company raises additional funds through the issuance of equity securities, market fluctuations in the price of its securities could limit its ability to obtain equity financing.

No assurance can be given that any additional financing will be available to the Company, or if available, will be on terms favorable to the Company. If the Company is unable to raise capital when needed, the Company's business, financial condition, and results of operations would be materially, adversely affected, and it could be forced to reduce or discontinue its operations.

The Company is a holding company and its earnings are dependent on the earnings and distributions of its subsidiaries.

The Company is a holding company and essentially all of its assets are the capital stock or membership interests of its subsidiaries or management services agreements with entities in each of the markets in which the Company, its strategic partners or acquisition targets operate, including in Arizona, Maryland, Minnesota, New Mexico, New York, Ohio and Pennsylvania. As a result, the Company's shareholders are subject to the risks attributable to its subsidiaries. As a holding company, the Company conducts substantially all of its business through its subsidiaries, which generate substantially all of its revenues. Consequently, the Company's cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and the distribution of those earnings to the Company. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of the Company's material subsidiaries, holders of indebtedness and trade creditors may be entitled to payment of their claims from the assets of those subsidiaries before the Company.

The Company's subsidiaries may not be able to obtain necessary permits and authorizations.

The Company's subsidiaries may not be able to obtain or maintain the necessary licenses, permits, certificates, authorizations or accreditations to operate their respective businesses, or may only be able to do so at great cost. In addition, the Company's subsidiaries may not be able to comply fully with the wide variety of laws and regulations applicable to the cannabis industry. Failure to comply with or to obtain the necessary licenses, permits, certificates, authorizations or accreditations could result in restrictions on a subsidiary's ability to operate in the cannabis industry, which could have a material adverse effect on the Company's business, financial condition or results of operations.

Disparate state-by-state regulatory landscapes and the constraints related to holding cannabis licenses in various states results in operational and legal structures for realizing

the benefit from cannabis licenses that could result in materially detrimental consequences to the Company.

The Company realizes, and will continue to realize, the benefits from cannabis licenses pursuant to a number of different structures, depending on the regulatory requirements from state-to-state, including realizing the economic benefit of cannabis licenses through management agreements. Such agreements are often required to comply with applicable laws and regulations or are in response to perceived risks that the Company determines warrant such arrangements.

The foregoing structures present various risks to the Company and its subsidiaries, including but not limited to the following risks, each of which could have a material adverse effect on its business, financial condition and results of operations:

- a governmental body or regulatory entity may determine that these structures are in violation of a legal or regulatory requirement or change such legal or regulatory requirements such that a management agreement structure violates such requirements (where it had not in the past). The Company will not be able to provide any assurance that a license application submitted by a third party will be accepted, especially if the management and operation of the license is dependent on a management agreement structure;
- there could be a material and adverse impact on the revenue stream the Company intends to receive from or on account of cannabis licenses (as Company will not be the license holder, and therefore any economic benefit is received pursuant to a contractual arrangement). If a management agreement is terminated, the Company will no longer receive any economic benefit from the applicable dispensary and/or cultivation license;
- these structures could potentially result in the funds invested by the Company being used for unintended purposes, such as to fund litigation;
- if a management agreement structure is in place, the Company will not be the license holder of the applicable state-issued cannabis license, and therefore, only have contractual rights in respect of any interest in any such license. If the license holder fails to adhere to its contractual agreement with the Company, or if the license holder makes, or omits to make, decisions in respect of the license that the Company disagrees with, the Company will only have contractual recourse and will not have recourse to any regulatory authority;
- the license holder may renege on its obligation to pay fees and other compensation pursuant to a management agreement or violate other provisions of these agreements;
- the license holder's acts or omissions may violate the requirements applicable to it pursuant to the applicable dispensary and/or cultivation license, thus jeopardizing the status and economic value of the license holder (and, by extension, of the Company); and
- the license holder may attempt to terminate the management agreement in violation of its express terms.

In any or all of the above situations, it would be difficult and expensive for the Company to protect its rights through litigation, arbitration, or similar proceedings.

The success of the Company's business depends, in part, on its ability to execute on its acquisition strategy, to successfully integrate acquired businesses and to retain key employees of acquired businesses.

Since the Company's inception, it has acquired and integrated complementary businesses, which have contributed to a significant portion of its growth. The Company continues to evaluate strategic acquisition opportunities that have the potential to support and strengthen its business, including acquisitions in United States, as part of its ongoing growth strategy. The Company cannot predict the timing or size of any future acquisitions. To successfully acquire a significant target, the Company may need to raise additional equity and/or indebtedness, which could increase its debt. There can be no assurance that the Company will enter into definitive agreements with respect to any contemplated transaction or that any contemplated transaction will be completed. The investigation of acquisition candidates and the negotiation, drafting and execution of relevant agreements, disclosure documents and other instruments will require substantial management time and attention and substantial costs for accountants, attorneys and others. If the Company fails to complete any acquisition for any reason, including events beyond its control, the costs incurred up to that point for the proposed acquisition likely would not be recoverable.

Acquisitions typically require integration of the acquired company's estimation, project management, finance, information technology, risk management, purchasing and fleet management functions. The Company may be unable to successfully integrate an acquired business into its existing business, and an acquired business may not be as beneficial or profitable as and when expected or at all. The Company's inability to successfully integrate new businesses in a timely and orderly manner could increase costs, reduce profits or generate losses. Factors affecting the successful integration of an acquired business include, but are not limited to, the following:

- the Company may become liable for certain liabilities of an acquired business, whether or not known to the Company, which could include, among others, tax liabilities, product liabilities, environmental liabilities and liabilities for employment practices, and these liabilities could be significant;
- the Company may not be able to retain local managers and key employees who are important to the operations of an acquired business;
- substantial attention from its senior management and the management of an acquired business may be required, which could decrease the time that they have to service and attract customers;
- the Company may not effectively utilize new equipment that it acquires through acquisitions;
- the complete integration of an acquired company depends, to a certain extent, on the full implementation of its financial and management information systems, business practices and policies; and
- the Company may actively pursue a number of opportunities simultaneously and may encounter unforeseen expenses, complications and delays, including difficulties in employing sufficient staff and maintaining operational and management oversight.

Acquisitions involve risks that the acquired business will not perform as expected and that

business judgments concerning the value, strengths and weaknesses of the acquired business will prove incorrect. In addition, potential acquisition targets may be in states in which the Company does not currently operate, which could result in unforeseen operating difficulties and difficulties in coordinating geographically dispersed operations, personnel and facilities. In addition, if the Company enters into new geographic markets, it may be subject to additional and unfamiliar legal and regulatory requirements.

The Company cannot guarantee that it will achieve synergies and cost savings in connection with current or future acquisitions within the timing anticipated or at all. Many of the businesses that the Company has acquired and may acquire in the future have unaudited financial statements that have been prepared by management and have not been independently reviewed or audited. The Company cannot guarantee that such financial statements would not be materially different if such statements were independently reviewed or audited. The Company cannot guarantee that it will continue to acquire businesses at valuations consistent with prior acquisitions or that it will complete future acquisitions at all. The Company cannot guarantee that there will be attractive acquisition opportunities at reasonable prices, that financing will be available or that it can successfully integrate acquired businesses into existing operations. In addition, the results of operations from these acquisitions could, in the future, result in impairment charges for any of the Company's intangible assets, including goodwill or other long-lived assets, particularly if economic conditions worsen unexpectedly. The Company's inability to effectively manage the integration of its completed and future acquisitions could prevent it from realizing expected rates of return on an acquired business and could have a material and adverse effect on the Company's financial condition, results of operations or liquidity.

The Company may invest in pre-revenue companies which may not be able to meet anticipated revenue targets in the future.

The Company has made and may in the future make investments in companies with no significant sources of operating cash flow and no revenue from operations. The Company's investments in such companies will be subject to risks and uncertainties that new companies with no operating history may face. In particular, there is a risk that the Company's investment in these pre-revenue companies will not be able to meet anticipated revenue targets or will generate no revenue at all, or such underperforming pre-revenue companies may fail, which could have a material adverse effect on the Company's business, prospects, revenue, results of operation and financial condition.

The nature of the medical and adult-use cannabis industry may result in unconventional due diligence processes and acquisition terms that could have unknown and materially detrimental consequences to the Company.

The uncertainty inherent in various aspects of the medical and adult-use cannabis industry may result in what otherwise would be considered to be inadequate investment due diligence information and uncertain legal consequences relative to arrangements affecting a target investment. The reluctance of banks and other financial institutions to facilitate financial transactions in the medical and adult-use cannabis industry can result in inadequate and unverifiable financial information about target investments, as well as cash management practices that are vulnerable to theft and fraud. The lack of established, traditional sources of financing for industry participants can result in unusual and uncertain arrangements affecting the ownership and obligations of a target investment. The reluctance of lawyers to represent industry participants in furtherance of financing and other business transactions can result in the lack of documentation setting forth the terms of the transactions, inadequately documented transactions, and

transactions that in whole or in part are illegal under applicable state law, among other detrimental consequences. The Company may have invested in, and may in the future invest in, businesses and companies that are or may become party to legal proceedings, may have inadequate financial and other due diligence information, may employ vulnerable cash management practices, lack written or adequate legal documents governing significant transactions, and otherwise have known or unknown conditions that could be detrimental to the Company's business and assets.

The Company's assets may be purchased with limited representations and warranties from the sellers of those assets.

The Company will generally acquire assets and businesses, after conducting due diligence, with only limited representations and warranties from the seller regarding the quality of the assets and the likelihood of payment. As a result, if defects in the assets or business are subsequently discovered, the Company may not be able to pursue a claim for any or all of our damages against the owners of such seller or borrower, and may be limited to asserting our claims against the seller or borrower. The extent of damages that the Company may incur as a result of such matters cannot be predicted, but potentially could have a material, adverse effect on the value of its assets and revenue stream and, as a result, on its ability to pay dividends.

Lending by the Company to third parties may be unsecured, subordinate in interest or backed by unrealizable license assets.

In connection with certain transactions, the Company may also act as lender to one or more counterparties. Certain of these loans are unsecured, which places the Company at a greater risk of not receiving repayment or the equivalent value thereof. Even for loans that are secured, there is a risk that other lenders may have priority interest to the Company or that the assets of the borrower may be insufficient to satisfy the loan. In addition, the Company may have difficulty putting liens on the assets of a borrower, as the major asset is generally the cannabis license which is not transferrable pursuant to state law. Any inability of a borrower to repay a loan or of the Company to realize the value of secured assets could have a material, adverse effect on the Company's business, financial condition or results of operations.

Competition for the acquisition and leasing of properties suitable for the cultivation, production and sale of medical and adult use cannabis may impede the Company's ability to make acquisitions or increase the cost of these acquisitions, which could adversely affect its operating results and financial condition.

The Company competes for the acquisition of properties suitable for the cultivation, production and sale of medical and adult use cannabis with entities engaged in agriculture and real estate investment activities, including corporate agriculture companies, cultivators, producers and sellers of cannabis. These competitors may prevent the Company from acquiring and leasing desirable properties, may cause an increase in the price the Company must pay for properties or may result in the Company having to lease its properties on less favorable terms than it expects. The Company's competitors may have greater financial and operational resources than it does and may be willing to pay more for certain assets or may be willing to accept more risk than the Company believes can be prudently managed. In particular, larger companies may enjoy significant competitive advantages that result from, among other things, a lower cost of capital and enhanced operating efficiencies. The Company's competitors may also adopt transaction structures similar to ours, which would decrease the Company's competitive advantage in offering flexible transaction terms. In addition, due to a number of factors, including but not limited to potential greater clarity of the laws and regulations governing medical use cannabis by state and

federal governments, the number of entities and the amount of funds competing for suitable investment properties may increase, resulting in increased demand and increased prices paid for these properties. If the Company pays higher prices for properties or enter into leases for such properties on less favorable terms than it expects, the Company's profitability and ability to generate cash flow and make distributions to its stockholders may decrease. Increased competition for properties may also preclude the Company from acquiring those properties that would generate attractive returns to the Company.

The Company faces security risks related to its physical facilities and cash transfers.

The business premises of the Company's operating locations are targets for theft. While the Company has implemented security measures at each location and continue to monitor and improve such security measures, its cultivation, production, processing and dispensary facilities could be subject to break-ins, robberies and other breaches in security. If there was a breach in security and the Company fell victim to a robbery or theft, the loss of cannabis plants, cannabis oils, cannabis flowers and cultivation, production and processing equipment could have a material adverse impact on its business, prospects, revenue, results of operation and financial condition.

As the Company's business involves the movement and transfer of cash which is collected from dispensaries or patients/customers and deposited into the Company's bank, there is a risk of theft or robbery during the transport of cash. The Company has engaged security firms to provide security in the transport and movement of large amounts of cash. Employees sometimes transport cash and/or products and, if requested, may be escorted by armed guards. While the Company has taken robust steps to prevent theft or robbery of cash during transport, there can be no assurance that there will not be a security breach during the transport and the movement of cash involving the theft of product or cash.

The Company faces exposure to fraudulent or illegal activity by employees, contractors, consultants and agents which may subject the Company to investigations and actions.

The Company will be exposed to the risk that any of their employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Company that violates, (i) government regulations, (ii) manufacturing standards, (iii) federal and provincial healthcare fraud and abuse laws and regulations, (iv) laws that require the true, complete and accurate reporting of financial information or data, or (v) other laws or regulations. It may not always be possible for the Company to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. The Company cannot provide assurance that its internal controls and compliance systems will protect the Company from acts committed by its employees, agents or business partners in violation of U.S. federal or state or local laws. If any such actions are instituted against the Company, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on its business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the Company's operations, any of which could have a material adverse effect on its business, financial condition or results of operations.

The Company faces risks related to the novelty of the cannabis industry, and the resulting

lack of information regarding comparable companies, unanticipated expenses, difficulties and delays, and the offering of new products and services in an untested market.

As a relatively new industry, there are not many established players in the cannabis industry whose business model the Company can follow or emulate. Similarly, there is little information about comparable companies available for potential investors to review in making a decision about whether to invest in the Company.

Shareholders and investors should consider, among other factors, the Company's prospects for success in light of the risks and uncertainties encountered by companies, like the Company, that are in their early stages. For example, unanticipated expenses and problems or technical difficulties may occur, which may result in material delays in the operation of the Company's business. The Company may fail to successfully address these risks and uncertainties or successfully implement its operating strategies. If the Company fails to do so, it could materially harm its business to the point of having to cease operations and could impair the value of the Subordinate Voting Shares to the point where investors may lose their entire investments.

The Company has committed and expects to continue committing significant resources and capital to develop and market existing products and services and new products and services. These products and services are relatively untested in the marketplace, and the Company cannot provide assurance that it will achieve market acceptance for these products and services, or other new products and services that the Company may offer in the future. Moreover, these and other new products and services may be subject to significant competition with offerings by new and existing competitors in the business. In addition, new products and services may pose a variety of challenges and require the Company to attract additional qualified employees. The failure to successfully develop and market these new products and services could materially harm the Company's business, prospects, revenue, results of operation and financial condition.

The Company is dependent on the popularity and acceptance of its brand portfolio.

The Company's ability to generate revenue and be successful in the implementation of its business plan is dependent on consumer acceptance of and demand for its products. Acceptance of and demand for the Company's products depends on several factors, including availability, cost, ease of use, familiarity of use, convenience, effectiveness, safety and reliability. If these customers do not accept the Company's products, or if such products fail to adequately meet customers' needs and expectations, the Company's ability to continue generating revenues could be reduced.

The Company believes that establishing and maintaining the brand identities of products is a critical aspect of attracting and expanding a large customer base. Promotion and enhancement of brands will depend largely on success in providing high quality products. If customers and end users do not perceive the Company's products to be of high quality, or if it introduces new products or enters into new business ventures that are not favorably received by customers and end users, the Company will risk diluting brand identities and decreasing their attractiveness to existing and potential customers. Moreover, in order to attract and retain customers and to promote and maintain brand equity in response to competitive pressures, the Company may have to increase substantially financial commitment to creating and maintaining a distinct brand loyalty among customers. If the Company incurs significant expenses in an attempt to promote and maintain brands, this could have a material adverse effect on its business, financial condition or results of operations.

The Company's business is subject to the risks inherent in agricultural operations.

Medical and adult-use cannabis is an agricultural product. There are risks inherent in the cultivation business, such as insects, plant diseases and similar agricultural risks. Although the products are usually grown indoors or in green houses under climate-controlled conditions, with conditions monitored, there can be no assurance that natural elements will not have a material adverse effect on the production of the subsidiaries' products and, consequentially, on the Company's business, financial condition or results of operations.

The Company may encounter increasingly strict environmental regulation in connection with its operations and the associated permitting, which may increase the expenses for cannabis production or subject the Company to enforcement actions by regulatory authorities.

The Company's operations will be subject to environmental regulation in the various jurisdictions in which they operate. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not have a material adverse effect on the Company's business, financial condition or results of operations.

Government approvals and permits are currently, and may in the future be, required in connection with the operations of the Company. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from its proposed production of cannabis or from proceeding with the development of its operations as currently proposed.

The Company may face potential enforcement actions if it fails to comply with applicable laws.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The subsidiaries may be required to compensate those suffering loss or damage by reason of their operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing the production of cannabis, or more stringent implementation thereof, could cause increases in expenses, capital expenditures or production costs or reduction in levels of production or require abandonment or delays in development, and could have a material adverse effect on the Company's business, financial condition or results of operations.

The Company faces risks related to its information technology systems, and potential cyber-attacks and security and privacy breaches.

The Company's use of technology is critical in its continued operations. The Company is susceptible to operational, financial and information security risks resulting from cyber attacks and/or technological malfunctions. Successful cyber attacks and/or technological malfunctions affecting the Company or its service providers can result in, among other things, financial losses, the inability to process transactions, the unauthorized release of customer information or other confidential information and reputational risk. The Company has not experienced any material losses to date relating to cyber attacks, other information breaches or technological malfunctions. However, there can be no assurance that it will not incur such losses in the future. As cybersecurity threats continue to evolve, the Company may be required to use additional resources to continue to modify or enhance protective measures or to investigate and redress security vulnerabilities.

The Company is subject to laws, rules and regulations in the United States and other jurisdictions relating to the collection, production, storage, transfer and use of personal data. It may store and collect personal information about customers and employees. It is the Company's responsibility to protect that information from privacy breaches that may occur through procedural or process failure, information technology malfunction or deliberate, unauthorized intrusions. Any such theft or privacy breach could have a material, adverse effect on its business, prospects, revenue, results of operation and financial condition. Additionally, the Company's ability to execute transactions and to possess and use personal information and data in conducting its business subjects it to legislative and regulatory burdens that may require it to notify regulators and customers, employees and other individuals of a data security breach. Evolving compliance and operational requirements under the privacy laws, rules and regulations of jurisdictions in which the Company operates imposes significant costs that are likely to increase over time. In addition, non-compliance could result in proceedings against the Company by governmental entities and/or the imposition of significant fines, could negatively impact the Company's reputation and may otherwise materially, adversely impact its business, financial condition and operating results.

The Company may be required to disclose personal information to government or regulatory entities.

The Company will own, manage, or provide services to various U.S. state licensed cannabis operations. Acquiring even a minimal and/or indirect interest in a U.S. state-licensed cannabis business can trigger requirements to disclose investors' personal information. While these requirements vary by jurisdiction, some require interest holders to apply for regulatory approval and to provide tax returns, compensation agreements, fingerprints for background checks, criminal history records and other documents and information. Some states require disclosures of directors, officers and holders of more than a certain percentage of equity of the applicant. While certain states include exceptions for investments in publicly traded entities, not all states do so, and some such exceptions are confined to companies traded on a U.S. securities exchange. If these regulations were to extend to the Company, investors would be required to comply with such regulations, or face the possibility that the relevant cannabis license could be revoked or cancelled by the state licensing authority.

The Company faces risks related to its insurance coverage and uninsurable risks.

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, fires, riots, civil unrest, labor disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability.

Although the Company intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, the Company's insurance will not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the Company's operations is not generally available on acceptable terms. The Company might also become subject to liability for pollution or other hazards which it may not be insured against or which it may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

The Company's reputation and ability to do business may be negatively impacted by its suppliers' ability to produce and ship products.

The Company depends on third-party suppliers to produce and timely ship its orders. Some products purchased from its suppliers are resold to the Company's customers, while others are used in the production or packaging of the Company's products. These suppliers could fail to produce products to the Company's specifications or quality standards and may not deliver units on a timely basis. Any changes in the Company's suppliers' ability to timely resolve production issues could impact the Company's ability to fulfill orders and could also disrupt the Company's business due to delays in finding new suppliers.

The Company is dependent on key inputs, suppliers and skilled labor for the cultivation, extraction and production of cannabis products.

The cultivation, extraction and production of cannabis and derivative products is dependent on a number of key inputs and their related costs, including raw materials and supplies related to growing operations, as well as electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs, such as the raw material cost of cannabis, could materially impact the Company's business, financial condition, results of operations or prospects. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier were to go out of business, the Company might be unable to find a replacement for such source in a timely manner, or at all. If a sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to the Company in the future. Any inability to secure required supplies and services, or to do so on appropriate terms, could have a materially adverse impact on the Company's business, prospects, revenue, results of operation and financial condition. The Company purchases key inputs on a purchase order basis from suppliers at market prices based on its production requirements and anticipated demand. The Company believes that it will have access to a sufficient supply of the key inputs for the foreseeable future.

The Company's cannabis growing operations consume considerable energy, which makes it vulnerable to rising energy costs. Accordingly, rising or volatile energy costs may adversely affect the Company's business and its ability to operate profitably.

The ability to compete and grow will be dependent on the Company having access, at a reasonable cost and in a timely manner, to skilled labor, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labor, equipment, parts and components. This could have an adverse effect on the Company's financial results.

The Company's inability to attract and retain key personnel could materially adversely affect its business.

Success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. The Company competes with other companies both within and outside the cannabis industry to recruit and retain competent employees. If the Company cannot maintain qualified employees to meet the needs of its anticipated growth, the business and financial condition of the Company could be materially adversely affected.

The Company's sales are difficult to forecast due to limited and unreliable market data.

As a result of recent and ongoing regulatory and policy changes in the medical and adult use cannabis industries and the effects of COVID-19, the market data that is available is limited and unreliable. The Company must rely largely on its own market research to forecast sales, as detailed forecasts are not generally obtainable from other sources in the states in which its business operates. Additionally, any market research and projections by the Company of estimated total retail sales, demographics, demand and similar consumer research, are based on assumptions from limited and unreliable market data. A failure in the demand for the Company's products to materialize as a result of inaccurate research and projections may have a material adverse effect on its business, results of operations and financial condition.

The Company may be subject to growth-related risks.

The Company may be subject to growth-related risks, including capacity constraints and pressure on its internal personnel, processes, systems and controls. The Company's ability to manage growth effectively will require the Company to continue to implement and improve its operational and financial systems and processes, and to expand, train and manage its employee base. The Company's inability to manage this growth effectively and efficiently may have a material adverse effect on its business, prospects, revenue, results of operation and financial condition.

The Company is currently involved in litigation, and there may be additional litigation in with the Company will be involved in the future.

The Company is currently involved in litigation and may become party to litigation from time to time in the future with various counterparties, including, but not limited to, joint venture partners and other affiliates. An adverse decision in any litigation could have a material, adverse effect on our business, financial condition or results of operations and could result in negative publicity and reputational harm. Furthermore, even if the Company is successful in the litigation, it may incur substantial legal fees, which could have a material, adverse effect on our business, financial condition or results of operations.

The Company faces an inherent risk of product liability claims as a manufacturer, processor and producer of products that are meant to be ingested by people.

As a cultivator, manufacturer, processor and distributor of products designed to be ingested by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of the Company's products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the Company's products alone or in combination with other medications or substances could occur. Although the Company will have quality control

procedures in place, it may be subject to various product liability claims, including, among others, that the products produced by the Company, or the products that the Company will purchase from third party licensed producers, caused injury, illness or death, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect its reputation with its customers and consumers generally and could have a material adverse effect on the Company's business, results of operations and financial condition. There can be no assurances that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Company's potential products and have a material, adverse effect on the Company's business, results of operations and financial condition.

The Company's intellectual property may be difficult to protect.

The Company relies upon certain proprietary intellectual property, including but not limited to brands, trademarks, trade names, patents and proprietary processes. The Company's success will depend, in part, on its ability to maintain and enhance protection over its intellectual property, know-how and other proprietary information. The Company enters into confidentiality or non-disclosure agreements with its corporate partners, employees, consultants, outside scientific collaborators, developers, and other advisors. These agreements generally require that the receiving party keep confidential and not disclose to third-parties' confidential information developed by the receiving party or made known to the receiving party by the Company during the course of the receiving party's relationship with the Company. These agreements also generally provide that inventions conceived by the receiving party in the course of rendering services to the Company will be its exclusive property, and the Company enters into assignment agreements to perfect its rights. These confidentiality, inventions, and assignment agreements may be breached and may not effectively assign rights to proprietary information to the Company. In addition, the Company's proprietary information could be independently discovered by competitors, in which case the Company may not be able to prevent the use of such proprietary information by its competitors. The enforcement of a claim alleging that a party illegally obtained and was using the Company's proprietary information could be difficult, expensive, and time consuming and the outcome would be unpredictable. In addition, courts outside the United States may be less willing to protect such proprietary information. The failure to obtain or maintain meaningful intellectual property protection could adversely affect the Company's competitive position.

In addition, effective future patent, copyright and trade secret protection may be unavailable or limited in certain countries and may be unenforceable under the laws of certain jurisdictions. As long as cannabis remains illegal under U.S. federal law as a Schedule I controlled substance pursuant to the CSA, the benefit of certain federal laws and protections which may be available to most businesses, such as federal trademark and patent protection regarding the intellectual property of a business, may not be available to the Company. While many states do offer the ability to protect trademarks independent of the federal government, patent protection is wholly unavailable on a state level, and state-registered trademarks provide a lower degree of protection than would federally registered marks. As a result, the Company's intellectual property may never be adequately or sufficiently protected against the use or misappropriation by third parties.

The Company's failure to adequately maintain and enhance protection over its proprietary

information, as well as over unregistered intellectual property of companies that it acquires, could have a material adverse effect on the Company's business, financial condition or results of operations.

The Company may be exposed to infringement or misappropriation claims by third parties, which, if determined adversely to the Company, could subject the Company to significant liabilities and other costs.

The Company's success may depend on its ability to use and develop new extraction technologies, recipes, know-how and new strains of cannabis without infringing the intellectual property rights of third parties. The Company cannot assure that third parties will not assert intellectual property claims against it. The Company is subject to additional risks if entities licensing intellectual property to the Company do not have adequate rights to the licensed materials. If third parties assert copyright or patent infringement or violation of other intellectual property rights against the Company, it will be required to defend itself in litigation or administrative proceedings, which can be both costly and time consuming and may significantly divert the efforts and resources of management personnel. An adverse determination in any such litigation or proceedings to which the Company may become a party could subject the Company to significant liability to third parties, require the Company to seek licenses from third parties, require the Company to pay ongoing royalties or subject the Company to injunctions that may prohibit the development and operation of its applications, any of which could have a material, adverse effect on our business, results of operations and financial condition.

The Company's products may be subject to product recalls, which may result in expense, legal proceedings, regulatory action, loss of sales and reputation, and management attention.

Despite the Company's quality control procedures, cultivators, manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the Company's products, or any of the products that will be purchased by the Company from a third party licensed producer, are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin, if at all. In addition, a product recall may require significant management attention. Although the Company has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Company's significant brands were subject to recall for any reason, the image of that brand and the Company could be harmed. A recall for any reason could lead to decreased demand for the Company's products and could have a material adverse effect on its results of operations and financial condition. Additionally, product recalls may lead to increased scrutiny of the Company's operations by the FDA, or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

The Company may face unfavorable publicity or consumer perception of the safety, efficacy and quality of the Company's cannabis products as a result of research, investigations, litigation and publicity.

Management believes the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis produced. Consumer perception of the Company's products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of adult use cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that is perceived as less favorable than, or questions earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's products and its business, results of operations, financial condition and cash flows. The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Company, the demand for its products and its business, results of operations, financial condition and cash flows. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or the Company's products specifically, or associating the consumption of adult use cannabis with illness or other negative effects or events, could have such a material adverse effect. Adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

In addition, the use of vaporization products and vaping may pose health risks. According to the U.S. Centers for Disease Control, vaporization products may contain ingredients that are known to be toxic to humans and may contain other ingredients that may not be safe. Because clinical studies about the safety and efficacy of vaporization products have not been submitted to the FDA, consumers currently have no way of knowing whether they are safe for their intended uses or what types or concentrations of potentially harmful substances are found in these products.

The Company faces intense competition in a new and rapidly growing industry by legitimate companies with more experience and financial resources than it has and by unlicensed and unregulated participants.

The Company faces intense competition from other companies, some of which have longer operating histories and more financial resources and manufacturing and marketing experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the Company's business, financial condition and results of operations. Because of the early stage of the industry in which the Company operates, it faces additional competition from new entrants. If the number of consumers of cannabis in the states in which the Company operates increases, the demand for products will increase and the Company expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Company will require a continued high level of investment in research and development, facilities, marketing and sales support. The Company may not have sufficient resources to maintain research and development, marketing and sales support efforts on a competitive basis, which could materially and adversely affect the business, financial condition and results of its operations.

The Company also faces competition from illegal dispensaries and the black market that are unlicensed and unregulated, and that are selling cannabis and cannabis products, including products with higher concentrations of active ingredients, and using delivery methods, including edibles and extract vaporizers, that the Company is prohibited from offering to individuals as they

are not currently permitted by U.S. state law. Any inability or unwillingness of law enforcement authorities to enforce existing laws prohibiting the unlicensed cultivation and sale of cannabis and cannabis-based products could result in the perpetuation of the black market for cannabis and/or have a material adverse effect on the perception of cannabis use. Any or all these events could have a material adverse effect on the Company's business, financial condition and results of operations.

There are risks associated with consolidation of the industry by well-capitalized entrants developing large-scale operations.

Currently, the cannabis industry generally is comprised of individuals and small to medium-sized entities, however, the risk remains that large conglomerates and companies who also recognize the potential for financial success through investment in this industry could strategically purchase or assume control of larger dispensaries and cultivation facilities. In doing so, these larger competitors could establish price setting and cost controls which would effectively "price out" many of the individuals and small to medium sized entities who currently make up the bulk of the participants in the varied businesses operating within and in support of the medical and adult-use cannabis industry. While the trend in most state laws and regulations seemingly deters this type of takeover, this industry remains quite nascent, so what the landscape will be in the future remains largely unknown.

Synthetic products from the pharmaceutical industry may compete with cannabis use and products.

The pharmaceutical industry may attempt to dominate the cannabis industry, and in particular, legal cannabis, through the development and distribution of synthetic products which emulate the effects and treatment of organic cannabis. If they are successful, the widespread popularity of such synthetic products could change the demand, volume and profitability of the cannabis industry. This could adversely affect the Company's ability to secure long-term profitability and success through the sustainable and profitable operation of the anticipated businesses and investment targets and could have a material adverse effect on its anticipated business, financial condition or results of operations.

The Company's internal controls over financial reporting may not be effective, and its independent auditors may not be able to certify as to their effectiveness, which could have a significant and adverse effect on its business.

The Company is subject to various Canadian and U.S. reporting and other regulatory requirements. The Company will incur expenses and, to a lesser extent, diversion of its management's time in its efforts to comply with the Sarbanes-Oxley Act and applicable Canadian securities laws regarding internal controls over financial reporting. Effective internal controls over financial reporting are necessary for the Company to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause the Company to fail to meet its reporting obligations. In addition, any testing by the Company conducted in connection with Section 404 of the Sarbanes-Oxley Act and applicable Canadian securities laws, or the subsequent testing by its independent registered public accounting firm when required, may reveal deficiencies in its internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retrospective changes to its consolidated financial statements or identify other areas for further attention or improvement. Inadequate internal controls could also cause investors to lose

confidence in its reported financial information, which could have a negative effect on the trading price of its Subordinate Voting Shares.

The elimination of monetary liability against the Company's directors, officers, and employees under British Columbia law and the existence of indemnification rights for our obligations to our directors, officers, and employees may result in substantial expenditures by the Company and may discourage lawsuits against directors, officers, and employees of the Company.

The Articles contain a provision permitting the Company to eliminate the personal liability of directors to the Company and shareholders for damages incurred as a director or officer to the extent provided by British Columbia law. The Company may also have contractual indemnification obligations under any employment agreements with its officers or agreements entered into with its directors. The foregoing indemnification obligations could result in the Company incurring substantial expenditures to cover the cost of settlement or damage awards against directors and officers, which the Company may be unable to recoup. These provisions and the resulting costs may also discourage the Company from bringing a lawsuit against directors and officers for breaches of their fiduciary duties, and may similarly discourage the filing of derivative litigation by shareholders of the Company against directors and officers of the Company even though such actions, if successful, might otherwise benefit the Company and shareholders.

There is doubt as to the ability to enforce judgments in Canada or under Canadian law against U.S. subsidiaries, assets and experts.

Certain of the subsidiaries are organized under the laws of various U.S. states. All of the assets of these entities are located outside of Canada and certain of the experts that will be retained by the Company or its affiliates are residents of countries other than Canada. As a result, it may be difficult or impossible for the Company's shareholders to effect service within Canada upon such persons, or to realize against them in Canada upon judgments of courts of Canada predicated upon the civil liability provisions of applicable Canadian provincial securities laws or otherwise. There is some doubt as to the enforceability in the U.S. by a court in original actions, or in actions to enforce judgments of Canadian courts, of civil liabilities predicated upon such applicable Canadian provincial securities laws or otherwise. A court in the U.S. may refuse to hear a claim based on a violation of Canadian provincial securities laws or otherwise on the grounds that such jurisdiction is not the most appropriate forum to bring such a claim. Even if a court in the U.S. agrees to hear a claim, it may determine that the local law in the U.S., and not Canadian law, is applicable to the claim. If Canadian law is found to be applicable, the content of applicable Canadian law must be proven as a fact, which can be a time-consuming and costly process. Certain matters of procedure will also be governed by U.S. law in such circumstances.

The Company's directors and officers reside outside of Canada. Some or all of the assets of such persons may be located outside of Canada. Therefore, it may not be possible for Company shareholders to collect or to enforce judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable Canadian securities laws against such persons. Moreover, it may not be possible for Company shareholders to effect service of process within Canada upon such persons. Courts in the United States may refuse to hear a claim based on a violation of Canadian securities laws on the grounds that such jurisdiction is not the most appropriate forum to bring such a claim. Even if a United States court agrees to hear a claim, it may determine that the local law, and not Canadian law, is applicable to the claim. If Canadian law is found to be applicable, the content of applicable Canadian law must be proven as a fact, which can be a time-consuming and costly process.

The Company's past performance may not be indicative of its future results.

The Company's prior investment and operational performance may not be indicative of its future operating results. There can be no assurance that the historical operating results achieved by the Company or its affiliates will be achieved by the Company, and its performance may be materially different.

The Company's business, financial condition, results of operations, and cash flow may be negatively impacted by challenging global economic conditions.

Disruptions and volatility in global financial markets and declining consumer and business confidence, including as a result of the COVID-19 pandemic, could lead to decreased levels of consumer spending. The Company's operations could be affected by the economic context should the unemployment level, interest rates or inflation reach levels that influence consumer spending and, consequently, impact the Company's sales and profitability. These macroeconomic developments could negatively impact the Company's business, which depends on the general economic environment and levels of consumer spending. As a result, the Company may not be able to maintain existing customers or attract new customers, or the Company may be forced to reduce the price of its products. The Company is unable to predict the likelihood of the occurrence, duration, or severity of such disruptions in the credit and financial markets and adverse global economic conditions. Any general or market-specific economic downturn could have a material, adverse effect on the Company's business, financial condition, results of operations, and cashflow.

Epidemics and pandemics, including the recent outbreak of COVID-19, may have a significant negative impact on our business and financial results.

In December 2019, there was an outbreak of COVID-19 in China that has since spread to many other regions of the world. The outbreak was subsequently labeled as a global pandemic by the World Health Organization in March 2020. Although the Company's financial condition and results of operations have not been materially impacted by the COVID-19 pandemic thus far, the Company may be impacted by business interruptions resulting from pandemics and public health emergencies, including those related to COVID-19, in the future. An outbreak of infectious disease, a pandemic, or a similar public health threat, such as the recent outbreak of COVID-19, or a fear of any of the foregoing, could adversely impact the Company by causing operating, manufacturing, supply chain, and project development delays and disruptions, labor shortages, travel, and shipping disruption and shutdowns (including as a result of government regulation and prevention measures). It is unknown whether and how the Company may be affected if such a pandemic persists for an extended period of time, including as a result of the waiver of regulatory requirements or the implementation of emergency regulations to which the Company is subject. Although the Company has been deemed essential and/or has been permitted to continue operating its facilities in the states in which it cultivates, processes, manufactures, and sells cannabis during the pendency of the COVID-19 pandemic, there is no assurance that the Company's operations will continue to be deemed essential and/or will continue to be permitted to operate. The Company may incur expenses or delays relating to such events outside of its control, which could have a material, adverse impact on its business, operating results, financial condition and the trading price of the Company's Subordinate Voting Shares.

Epidemics and pandemics may have adverse impacts on the Company's financial condition and results of operations, including, but not limited to:

- The Company may experience significant reductions or volatility in demand for our products as customers may not be able to purchase merchandise due to illness, quarantine or government or self-imposed restrictions placed on its stores' operations.
- The Company may experience temporary or long-term disruptions in the Company's supply chain. Transportation delays and cost increases, closures or disruptions of businesses and facilities or social, economic, political or labor instability, may impact the Company's or its suppliers' operations or the Company's customers.
- The Company's liquidity may be negatively impacted if its dispensaries are unable to maintain their current level of sales and the Company may be required to pursue additional sources of financing to meet its financial obligations. Obtaining such financing is not guaranteed and is largely dependent upon market conditions and other factors. Further actions may be required to improve the Company's cash position, including but not limited to, monetizing the Company's assets and foregoing capital expenditures and other discretionary expenses.

The extent of the impact of COVID-19 on the Company's operations and financial results depends on future developments and is highly uncertain due to the unknown duration and severity of the outbreak. The situation continues to change and future impacts may materialize that are not yet known.

The Company is subject to increased costs as a result of being a public company in Canada and the United States.

As a public company in Canada and the United States, the Company is subject to the reporting requirements, rules and regulations under the applicable Canadian and United States securities laws and rules of stock exchanges on which the Company's securities may be listed. There are increased costs associated with legal, accounting and other expenses related to such regulatory compliance. Securities legislation and the rules and policies of the CSE require listed companies to, among other things, adopt corporate governance and related practices, and to continuously prepare and disclose material information, all of which add to a company's legal and financial compliance costs. The Company may also elect to devote greater resources than it otherwise would have on communication and other activities typically considered important by publicly traded companies.

Risks Related to Securities of the Company

A return on the Company's securities is not guaranteed.

There is no guarantee that the Company's securities will earn any positive return in the short term or long term. A holding of the Company's securities is speculative and involves a high degree of risk and should be undertaken only by holders whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. A holding of the Company's securities is appropriate only for holders who have the capacity to absorb a loss of some or all of their investment.

The Company's voting control is concentrated given 43% of the Company's voting power is held by the Chief Executive Officer of the Company.

As of November 3, 2020, the holder of the Super Voting Shares, Dr. Kyle E. Kingsley, exercises in the aggregate approximately 41.5% of the voting power in respect of the outstanding Company Shares. As a result, Dr. Kingsley has substantial ability to control the outcome of matters submitted to the Company's shareholders for approval, including the election and removal of directors and any arrangement or sale of all or substantially all of its assets. Even if Dr. Kingsley does not retain any employment with the Company, he will continue to have the ability to exercise the same significant voting power.

The concentrated control through the Super Voting Shares could delay, defer, or prevent a change of control of the Company, an arrangement involving it or a sale of all or substantially all of its assets that the Company's other shareholders support. Conversely, this concentrated control could allow the holder of the Super Voting Shares to consummate such a transaction that the Company's other shareholders do not support. In addition, the holder of Super Voting Shares may make long-term strategic investment decisions and take risks that may not be successful and may seriously harm the Company's business.

As a director and Chief Executive Officer of the Company, Dr. Kingsley has control over the day-to-day management and the implementation of major strategic decisions of the Company, subject to authorization and oversight by the Board. As a Board member, Dr. Kingsley owes a fiduciary duty to the Company's shareholders and is obligated to act honestly and in good faith with a view to the best interests of the Company. As a shareholder, Dr. Kingsley is entitled to vote his Company Shares, and Company Shares over which he has voting control, in his own interests, which may not always be in the interests of the Company or its other shareholders.

The Company's capital structure and voting control may cause unpredictability.

Although other Canadian companies have dual class or multiple voting share structures, given the concentration of voting control that is held by Dr. Kingsley, the sole holder of the Super Voting Shares, this structure and control could result in a lower trading price for, or greater fluctuations in, the trading price of the Subordinate Voting Shares, adverse publicity to us or other adverse consequences.

Additional issuances of Subordinate Voting Shares, or securities convertible into Subordinate Voting Shares, may result in dilution.

The Company may issue additional equity or convertible debt securities in the future, which may dilute an existing shareholder's holdings in the Company. The Company's articles permit the issuance of an unlimited number of Super Voting Shares, Multiple Voting Shares and Subordinate Voting Shares, and existing shareholders will have no pre-emptive rights in connection with such further issuances. The Company's Board of Directors has discretion to determine the price and the terms of further issuances, and such terms could include rights, preferences and privileges superior to those existing holders of our securities. Moreover, additional Subordinate Voting Shares will be issued by the Company on the conversion of the Multiple Voting Shares and Super Voting Shares in accordance with their terms. To the extent holders of the Company's options or other convertible securities convert or exercise their securities and sell Subordinate Voting Shares they receive, the trading price of the Subordinate Voting Shares may decrease due to the additional amount of Subordinate Voting Shares available in the market. Further, the Company may issue additional securities in connection with strategic acquisitions. The Company cannot

predict the size or nature of future issuances or the effect that future issuances and sales of Subordinate Voting Shares (or securities convertible into Subordinate Voting Shares) will have on the market price of the Subordinate Voting Shares. Issuances of a substantial number of additional Subordinate Voting Shares, or the perception that such issuances could occur, may adversely affect prevailing market prices for the Subordinate Voting Shares. With any additional issuance of Subordinate Voting Shares, investors will suffer dilution to their voting power and economic interest in the Company.

Sales of substantial numbers of Subordinate Voting Shares may have an adverse effect on their market price.

Sales of a substantial number of Subordinate Voting Shares in the public market could occur at any time either by existing holders of Subordinate Voting Shares or, after January 1, 2021, by holders of the Multiple Voting Shares, which are convertible into Subordinate Voting Shares on the satisfaction of certain conditions. These sales, or the market perception that the holders of a large number of Subordinate Voting Shares or Multiple Voting Shares intend to sell Subordinate Voting Shares, could reduce the market price of the Shares. If this occurs and continues, it could impair the Company's ability to raise additional capital through the sale of securities.

The market price for the Subordinate Voting Shares may be volatile.

The market prices for securities of cannabis companies generally have been volatile. In addition, the market price for the Subordinate Voting Shares has been and may be subject to wide fluctuations in response to numerous factors beyond the Company's control, including, but not limited to:

- actual or anticipated fluctuations in our results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which we operate;
- addition or departure of the Company's executive officers and other key personnel;
- release or expiration of transfer restrictions on outstanding Multiple Voting Shares or Subordinate Voting Shares;
- sales or expected sales of additional Subordinate Voting Shares;
- operating and financial performance that deviates from the expectations of management, securities analysts or investors;
- regulatory changes affecting the Company's industry generally and/or our business and operations;
- announcements of developments and other material events by the Company or its competitors;
- fluctuations in the costs of vital production materials and services;

- changes in global financial markets, global economies and general market conditions, such as interest rates and pharmaceutical product price volatility;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors;
- operating and share price performance of other companies that investors deem comparable to the Company or from a lack of market comparable companies; and
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry or target markets.

Financial markets have at times historically experienced significant price and volume fluctuations that: (i) have especially affected the market prices of equity securities of companies and (ii) have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Subordinate Voting Shares from time to time may decline even if the Company's operating results, underlying asset values and prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that may result in impairment losses to the Company. There can be no assurance that further fluctuations in price and volume of Subordinate Voting Shares traded will not occur. If increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted, and the trading price of the Subordinate Voting Shares may be materially adversely affected.

A decline in the price or trading volume of the Subordinate Voting Shares could affect the Company's ability to raise further capital and adversely impact its ability to continue operations.

A prolonged decline in the price or trading volume of the Subordinate Voting Shares could result in a reduction in the liquidity of the Subordinate Voting Shares and a reduction in the Company's ability to raise capital. Because a significant portion of the Company's operations have been and will be financed through the sale of equity securities, a decline in the price or trading volume of its Subordinate Voting Shares could be especially detrimental to its liquidity and its operations. Such reductions may force the Company to reallocate funds from other planned uses and may have a material, adverse effect on its business plan and operations, including its ability to operationalize existing licenses and complete planned capital expenditures. If the price or trading volume of the Company's Subordinate Voting Shares declines, there can be no assurance that it will be able to raise additional capital or generate funds from operations sufficient to meet its obligations. If the Company is unable to raise sufficient capital in the future, it may not be able to have the resources to continue its normal operations.

If securities or industry analysts do not publish or cease publishing research or reports or publish misleading, inaccurate or unfavorable research about the Company, its business or its market, its stock price and trading volume could decline.

The trading market for the Company's Subordinate Voting Shares may be influenced by the research and reports that securities or industry analysts publish about it, its business, its market or its competitors. If no or few securities or industry analysts cover the Company, the trading price and volume of its Subordinate Voting Shares would likely be negatively impacted. If one or more of the analysts who covers the Company downgrades its Subordinate Voting Shares or publishes

inaccurate or unfavorable research about its business, or provides more favorable relative recommendations about its competitors, the price of its Subordinate Voting Shares would likely decline. If one or more of these analysts ceases coverage of it or fails to publish reports on it regularly, demand for its Subordinate Voting Shares could decrease, which could cause its stock price or trading volume to decline.

An investor may face liquidity risks with an investment in the Subordinate Voting Shares.

The Subordinate Voting Shares currently trade on the Canadian Securities Exchange and are quoted on the OTCQX tier of the OTC Markets in the United States. The Company cannot predict at what prices the Subordinate Voting Shares will continue to trade, and there is no assurance that an active trading market will be sustained. The Subordinate Voting Shares do not currently trade on any U.S. national securities exchange. In the event Subordinate Voting Shares begin trading on any U.S. national securities exchange, the Company cannot predict at what prices the Subordinate Voting Shares will trade and there is no assurance that an active trading market will develop or be sustained. There is a significant liquidity risk associated with an investment in the Subordinate Voting Shares of the Company.

Trading in securities quoted on the OTC Markets is often thin and characterized by wide fluctuations in trading prices, due to many factors, some of which may have little to do with the Company's operations or business prospects. This volatility could depress the market price of Subordinate Voting Shares for reasons unrelated to operating performance. Moreover, the OTC Markets is not a U.S. national securities exchange, and trading of securities on the OTC Markets is often more sporadic than the trading of securities listed on a U.S. national securities exchange like the Nasdaq or the NYSE. These factors may result in investors having difficulty reselling Subordinate Voting Shares on the OTC Markets.

The Company does not intend to pay dividends on the Company Shares and, consequently, the ability of investors to achieve a return on their investment will depend on appreciation in the price of the Subordinate Voting Shares.

The Company has never declared or paid any cash dividend on the Company Shares and does not currently intend to do so in the foreseeable future. The Company currently anticipates that it will retain future earnings, if materialized, for the development, operation and expansion of its business and do not anticipate declaring or paying any cash dividends in the foreseeable future. Therefore, the success of an investment in the Subordinate Voting Shares will depend upon any future appreciation in their value. There is no guarantee that the Subordinate Voting Shares will appreciate in value or even maintain the price at which they were purchased.

The Company is eligible to be treated as an "emerging growth company" as defined in the JOBS Act, and the Company cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make the Subordinate Voting Shares less attractive to investors.

The Company is an "emerging growth company," as defined in the JOBS Act. For as long as the Company continues to be an emerging growth company, it may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including (1) not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, (2) reduced disclosure obligations regarding executive compensation in the Company's registration statement on Form 10 and periodic reports and proxy statements, and (3) exemptions from the requirements of

holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. The Company could be an emerging growth company for up to five years, although circumstances could cause the Company to lose that status earlier, including if the market value of the Subordinate Voting Shares held by non-affiliates exceeds \$700 million as of June 30, 2022, or if the Company has total annual gross revenue of \$1.07 billion or more during any fiscal year before that time, in which case it would no longer be an emerging growth company as of the following December 31. Additionally, if the Company issues more than \$1.0 billion in non-convertible debt during any three-year period before June 30, 2022, it would cease to be an emerging growth company immediately. The Company cannot predict if investors will find the Subordinate Voting Shares less attractive because it may rely on these exemptions. If some investors find the Subordinate Voting Shares less attractive as a result, there may be a less active trading market for the Subordinate Voting Shares, and the stock price may be more volatile.

Certain Tax Risks

THE FOLLOWING IS A DISCUSSION OF CERTAIN MATERIAL TAX RISKS ASSOCIATED WITH THE ACQUISITION AND OWNERSHIP OF COMPANY SHARES. THIS AIF DOES NOT DISCUSS RISKS ASSOCIATED WITH ANY APPLICABLE STATE, PROVINCIAL, LOCAL OR FOREIGN TAX LAWS. THE TAX RELATED INFORMATION IN THIS AIF DOES NOT CONSTITUTE TAX ADVICE AND IS FOR INFORMATIONAL PURPOSES ONLY. FOR ADVICE ON TAX LAWS APPLICABLE TO A SHAREHOLDER'S INDIVIDUAL TAX SITUATIONS, SHAREHOLDERS SHOULD SEEK THE ADVICE OF THEIR TAX ADVISORS. NO REPRESENTATION OR WARRANTY OF ANY KIND IS MADE BY THE COMPANY OR ANY OF THE BOARD OF DIRECTORS, OFFICERS, LEGAL COUNSEL, OTHER AGENTS OR AFFILIATES WITH RESPECT TO THE TAX TREATMENT APPLICABLE TO ANY PERSON WHO ACQUIRES SHARES. EACH PROSPECTIVE SHAREHOLDER IS URGED TO REVIEW THE AIF IN ITS ENTIRETY AND TO CONSULT HIS OR HER OWN TAX ADVISOR WITH RESPECT TO THE FEDERAL, STATE, PROVINCIAL, LOCAL AND FOREIGN TAX CONSEQUENCES ARISING IN CONNECTION WITH THE ACQUISITION AND OWNERSHIP OF COMPANY SHARES.

The Company will be subject to Canadian and United States tax on its worldwide income.

The Company is deemed to be a resident of Canada for Canadian federal income tax purposes by virtue of being organized under the laws of a Province of Canada. Accordingly, the Company is subject to Canadian taxation on its worldwide income, in accordance with the rules in the Tax Act generally applicable to corporations resident in Canada.

Notwithstanding that the Company is deemed to be a resident of Canada for Canadian federal income tax purposes, the Company is treated as a United States corporation for United States federal income tax purposes, pursuant to Section 7874(b) of the Code, and is subject to United States federal income tax on its worldwide income. As a result, the Company is subject to taxation both in Canada and the United States, which could have a material adverse effect on the business, financial condition or results of operations of the Company.

Dispositions of Company Shares are subject to Canadian and/or United States tax.

Dispositions of shares are subject to Canadian tax. In addition, dispositions of shares by U.S. Holders are be subject to U.S. tax, and certain dispositions of shares by Non-U.S. Holders (including, if the Company is treated as a USRPHC, as defined below) are subject to U.S. tax.

For purposes of this discussion, a “U.S. Holder” is a holder who, for U.S. federal income tax purposes, is a beneficial owner of the shares and is (i) An individual who is a citizen or resident of the United States; (ii) a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust if (1) a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have authority to control all substantial decisions of the trust or (2) the trust has a valid election in effect to be treated as a U.S. person under applicable Treasury regulations. Further, for purposes of this discussion, a “Non-U.S. holder” is a beneficial owner of the shares other than a U.S. holder or partnership.

Although the Company does not intend to pay dividends on the Company Shares, any such dividends would be subject to Canadian and/or United States withholding tax.

It is currently not anticipated that the Company will pay any dividends on the Company Shares in the foreseeable future.

To the extent dividends are paid on the Company Shares, dividends received by shareholders who are residents of Canada for purposes of the Tax Act (and non-U.S. Holders for purposes of the Code) will be subject to U.S. withholding tax. Any such dividends may not qualify for a reduced rate of withholding tax under the Canada-United States tax treaty. In addition, a Canadian foreign tax credit or a deduction in respect of such U.S. withholding taxes paid may not be available.

Dividends received by U.S. Holders will not be subject to U.S. withholding tax but will be subject to Canadian withholding tax. Dividends paid by the Company will be characterized as U.S. source income for purposes of the foreign tax credit rules under the Code. Accordingly, U.S. Holders may not be able to claim a credit for any Canadian tax withheld unless, depending on the circumstances, they have other foreign source income that is subject to a low or zero rate of foreign tax.

Dividends received by shareholders that are neither Canadian nor U.S. shareholders will be subject to U.S. withholding tax and will also be subject to Canadian withholding tax. These dividends may not qualify for a reduced rate of U.S. withholding tax under any income tax treaty otherwise applicable to a shareholder of the Company, subject to examination of the relevant tax treaty. These dividends may, however, qualify for a reduced rate of Canadian withholding tax under any income tax treaty otherwise applicable to a shareholder of the Company, subject to examination of the relevant tax treaty.

Transfers of Company Shares may be subject to United States estate and generation-skipping transfer taxes.

Because the Company Shares are treated as shares of a U.S. domestic corporation, the U.S. estate and generation-skipping transfer tax rules generally may apply to a Non-U.S. Holder of Company Shares.

U.S. Tax Classification – United States Real Property Holding Company

The Company is treated as a U.S. domestic corporation for U.S. federal income tax purposes under Section 7874 of the Code. As a U.S. domestic corporation for U.S. federal income tax purposes, the taxation of the Company’s non-U.S. Holders upon a disposition of Company Shares generally depends on whether the Company is classified as a “United States real property holding

corporation” for U.S. federal income tax purposes (a “**USRPHC**”). The Company has not performed any analysis to determine whether it is currently, or has ever been, a USRPHC. In addition, the Company has not sought and does not intend to seek formal confirmation of its status as a non-USRPHC from the IRS. If the Company ultimately is determined by the IRS to constitute a USRPHC, its non-U.S. Holders may be subject to U.S. federal income tax on any gain associated with the disposition of the Company Shares.

Changes in tax laws may affect the Company and holders of Company Shares.

There can be no assurance that the Canadian and U.S. federal income tax treatment of the Company or an investment in the Company will not be modified, prospectively or retroactively, by legislative, judicial or administrative action, in a manner adverse to the Company or holders of Company Shares.

The Subordinate Voting Shares may not be qualified investments for Registered Plans if the Subordinate Voting Shares are not listed on a designated stock exchange.

If the Subordinate Voting Shares are not listed on a designated stock exchange in Canada before the filing-due date for Company’s first income tax return, or if Company does not otherwise satisfy the conditions in the Income Tax Act (Canada) (the “**Tax Act**”) to be a “public corporation”, the Subordinate Voting Shares will not be considered to be a qualified investment for a Registered Plan (within the meaning of the Tax Act). Where a Registered Plan acquires a Company Subordinate Voting Share in circumstances where the Company Subordinate Voting Share is not a qualified investment under the Tax Act for the Registered Plan, adverse tax consequences may arise for the Registered Plan and the controlling individual (within the meaning of the Tax Act) under the Registered Plan, including that the Registered Plan may become subject to penalty taxes and the controlling individual of such Registered Plan may be deemed to have received income therefrom or be subject to a penalty tax.

ERISA imposes additional obligations on certain investors

In considering an investment in the Company Shares, trustees, custodians, investment managers, and fiduciaries of retirement and other plans subject to the fiduciary responsibility provisions of the Employee Retirement Income Security Act of 1974 (“**ERISA**”) and/or Section 4975 of the Code, should consider, among other things: (1) whether an investment in the Company Shares is in accordance with plan documents and satisfies the diversification requirements of Sections 404(a)(1)(C) and 404(a)(1)(D) of ERISA, if applicable; (2) whether an investment in the Company Shares will result in unrelated business taxable income to the plan; (3) whether an investment in the Securities is prudent under Section 404(a)(1)(B) of ERISA, if applicable, given the nature of an investment in, and the compensation structure of, the Company and the potential lack of liquidity of the Company Shares during the lock-up period following the Reverse Takeover; (4) whether the Company or any of its affiliates is a fiduciary or party in interest to the plan, and (5) whether an investment in the Securities complies with the “indicia of ownership” requirement set forth in ERISA Section 404(b). Fiduciaries and other persons responsible for the investment of certain governmental and church plans that are subject to any provision of federal, state, or local law that is substantially similar to the fiduciary responsibility provisions of Title I of ERISA or Section 4975 of the Code that are considering the investment in the Securities should consider the applicability of the provisions of such similar law and whether the Securities would be an appropriate investment under such similar law. The responsible fiduciary must take into account all of the facts and circumstances of the plan and of the investment when determining if a particular investment is prudent.

DIVIDENDS AND DISTRIBUTIONS

The Company has not declared or paid any dividends on any Company Shares since its incorporation on November 23, 2004, and has no current plans to pay dividends on any Company Shares. The declaration and payment of future dividends to holders of Company Shares will be at the discretion of the Board of Directors and will depend upon many factors, including the Company's financial condition, earnings, legal requirements, restrictions in its debt agreements and other factors deemed relevant by the Board of Directors. In addition, as a holding company, the Company's ability to pay dividends depends on its receipt of cash dividends from its operating subsidiaries, which may further restrict its ability to pay dividends as a result of the laws of their respective jurisdictions of organization, agreements of the Company's subsidiaries or covenants under future indebtedness that the Company or the Company's subsidiaries may incur. See "*Risk Factors - Risks Related to the Company's Securities - The Company does not intend to pay dividends on the Company Shares and, consequently, the ability of investors to achieve a return on their investment will depend on appreciation in the price of the Subordinate Voting Shares.*"

DESCRIPTION OF THE SECURITIES

Description of the Company's Securities

The Company is authorized to issue an unlimited number of Subordinate Voting Shares, Multiple Voting Shares and Super Voting Shares (collectively, the "**Company Shares**"). As of the date of this Annual Information Form, there were: (i) 37,952,477 Subordinate Voting Shares of the Company issued and outstanding (representing approximately 24.0% of the voting rights attached to the outstanding shares of the Company); (ii) 549,928 Multiple Voting Shares of the Company issued and outstanding (representing approximately 34.7% of the voting rights attached to the outstanding shares of the Company); and (iii) 65,411 Super Voting Shares of the Company (representing approximately 41.3% of the voting rights attached to the outstanding shares of the Company).

The Subordinate Voting Shares and Multiple Voting Shares are "restricted securities" within the meaning of such term under applicable Canadian securities laws.

The following is a summary of the rights, privileges, restrictions and conditions attached to the Subordinate Voting Shares, the Super Voting Shares and the Multiple Voting Shares, but does not purport to be complete. Reference should be made to the Articles and the full text of their provisions for a complete description thereof, which are available under the Company's profile on SEDAR at www.sedar.com.

Take-Over Bid Protection

Under applicable Canadian law, an offer to purchase Super Voting Shares would not necessarily require that an offer be made to purchase Subordinate Voting Shares or Multiple Voting Shares. In accordance with the rules applicable to most senior issuers in Canada, in the event of a take-over bid, the holders of Subordinate Voting Shares or of Multiple Voting Shares will be entitled to participate on an equal footing with holders of Super Voting Shares. On March 18, 2019, Kyle Kingsley (the "**Initial Holder**"), as the owner of all the outstanding Super Voting Shares, entered into a customary coattail agreement with the Company and Odyssey Trust Company as trustee (the "**Coattail Agreement**"). The Coattail Agreement contains provisions customary for dual class, listed corporations designed to prevent transactions that otherwise would deprive the holders of Subordinate Voting Shares or of Multiple Voting Shares of rights under applicable

provincial take-over bid legislation to which they would have been entitled if Super Voting Shares had been Subordinate Voting Shares or Multiple Voting Shares.

The undertakings in the Coattail Agreement do not apply to prevent a sale by any principal of Super Voting Shares if concurrently an offer is made to purchase Subordinate Voting Shares and Multiple Voting Shares that:

- I. offers a price per Subordinate Voting Share or Multiple Voting Share (on an as converted to Subordinate Voting Share basis) at least as high as the highest price per share paid pursuant to the take-over bid for Super Voting Shares (on an as converted to Subordinate Voting Share basis);
- II. provides that the percentage of outstanding Subordinate Voting Shares or Multiple Voting Shares to be taken up (exclusive of shares owned immediately prior to the offer by the offeror or persons acting jointly or in concert with the offeror) is at least as high as the percentage of Super Voting Shares to be sold (exclusive of Super Voting Shares owned immediately prior to the offer by the offeror and persons acting jointly or in concert with the offeror);
- III. has no condition attached other than the right not to take up and pay for Subordinate Voting Shares or Multiple Voting Shares tendered if no shares are purchased pursuant to the offer for Super Voting Shares; and
- IV. is in all other material respects identical to the offer for Super Voting Shares.

In addition, the Coattail Agreement does not prevent the transfer of Super Voting Shares by a principal to certain permitted holders. The conversion of Super Voting Shares into Subordinate Voting Shares, whether or not such Subordinate Voting Shares are subsequently sold, does not constitute a disposition of Super Voting Shares for the purposes of the Coattail Agreement.

Under the Coattail Agreement, any disposition of Super Voting Shares (including a transfer to a pledgee as security) by a holder of Super Voting Shares party to the agreement is conditional upon the transferee or pledgee becoming a party to the Coattail Agreement, to the extent such transferred Super Voting Shares are not automatically converted into Multiple Voting Shares in accordance with the Articles of the Company.

The Coattail Agreement contains provisions for authorizing action by the trustee to enforce the rights under the Coattail Agreement on behalf of the holders of Subordinate Voting Shares or of Multiple Voting Shares. The obligation of the trustee to take such action is conditional on the Company or holders of Subordinate Voting Shares or of Multiple Voting Shares, as the case may be, providing such funds and indemnity as the trustee may require. No holder of Subordinate Voting Shares or of Multiple Voting Shares, as the case may be, has the right, other than through the trustee, to institute any action or proceeding or to exercise any other remedy to enforce any rights arising under the Coattail Agreement unless the trustee fails to act on a request authorized by holders of not less than 10% of the outstanding Subordinate Voting Shares or Multiple Voting Shares, as the case may be, and reasonable funds and indemnity have been provided to the trustee. The Company agrees to pay the reasonable costs of any action that may be taken in good faith by holders of Subordinate Voting Shares or of Multiple Voting Shares, as the case may be, pursuant to the Coattail Agreement.

The Coattail Agreement provides that it may not be amended, and no provision thereof may be waived, unless, prior to giving effect to such amendment or waiver, the following have been obtained: (a) the consent of any applicable securities regulatory authority in Canada and (b) the approval of at least 66-2/3% of the votes cast by holders of Subordinate Voting Shares and 66-2/3% of the votes cast by holders of Multiple Voting Shares excluding votes attached to Subordinate Voting Shares and to Multiple Voting Shares, if any, held by the Initial Holders, their affiliates and any persons who have an agreement to purchase Super Voting Shares on terms which would constitute a sale or disposition for purposes of the Coattail Agreement other than as permitted thereby.

No provision of the Coattail Agreement limits the rights of any holders of Subordinate Voting Shares or of Multiple Voting Shares under applicable law.

Description of Subordinate Voting Shares

Right to Notice and Vote: Holders of Subordinate Voting Shares are entitled to notice of and to attend at any meeting of the shareholders of the Company, except a meeting of which only holders of another particular class or series of shares of the Company will have the right to vote. At each such meeting, holders of Subordinate Voting Shares are entitled to one vote in respect of each Subordinate Voting Share held.

Class Rights: As long as any Subordinate Voting Shares remain outstanding, the Company will not, without the consent of the holders of Subordinate Voting Shares by separate special resolution, prejudice or interfere with any rights attached to Subordinate Voting Shares. Holders of Subordinate Voting Shares 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 the Company.

Dividends: Holders of Subordinate Voting Shares are entitled to receive as and when declared by the directors of the Company, dividends in cash or property of the Company. No dividend will be declared or paid on Subordinate Voting Shares unless the Company simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Subordinate Voting Share basis) on Multiple Voting Shares and Super Voting Shares.

Participation: In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of Subordinate Voting Shares will, subject to the prior rights of the holders of any shares of the Company ranking in priority to Subordinate Voting Shares, be entitled to participate rateably along with all other holders of Subordinate Voting Shares, Multiple Voting Shares (on an as-converted to Subordinate Voting Share

basis) and Super Voting Shares (on an as-converted to Subordinate Voting Share basis).

Changes: No subdivision or consolidation of Subordinate Voting Shares, Multiple Voting Shares or Super Voting Shares shall occur unless, simultaneously, Subordinate Voting Shares, Multiple Voting Shares and Super 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 Multiple Voting Shares are then listed, to be made to all or substantially all the holders of Multiple Voting Shares in a given province or territory of Canada to which these requirements apply, 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 below) 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, the Company's transfer agent shall deposit the resulting Multiple Voting Shares on behalf of the holder. Should 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 or withdrawn, the Multiple Voting Shares resulting from the conversion shall be automatically reconverted, without further intervention on the part of the Company or on the part of the holder, into Subordinate Voting Shares at the Conversion Ratio then in effect.

The Company Redemption Right: The Company is entitled to redeem Subordinate Voting Shares of a "Company Unsuitable Person" in certain circumstances. See "See "Redemption Right from the Company Unsuitable Person".

Description of Multiple Voting Shares

Right to Vote: Holders of Multiple Voting Shares are entitled to notice of and to attend at any meeting of the shareholders of the Company, except a meeting of which only holders of another particular class or series of shares of the Company will 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 then be converted (currently 100 votes per Multiple Voting Share held).

- Class Rights:** As long as any Multiple Voting Shares remain outstanding, the Company will not, without the consent of the holders of the Multiple Voting Shares by separate special resolution, prejudice or interfere with any right attached to the Multiple Voting Shares. Holders of Multiple Voting Shares 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 the Company.
- Dividends:** The holders of the Multiple Voting Shares are entitled to receive such dividends as may be declared and paid to holders of the Subordinate Voting Shares in any financial year as the Board may by resolution determine, on an as-converted to Subordinate Voting Share basis. No dividend will be declared or paid on the Multiple Voting Shares unless the Company simultaneously declares or pays, as applicable, equivalent dividends (on an as converted to Subordinate Voting Share basis) on the Subordinate Voting Shares and Super Voting Shares.
- Participation:** In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company 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 Company 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), Subordinate Voting Shares and Super Voting Shares (on an as-converted to Subordinate Voting Share basis).
- Changes:** No subdivision or consolidation of the Subordinate Voting Shares, Multiple Voting Shares or Super Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares, Multiple Voting Shares and Super 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:** 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, Multiple Voting Shares and Super 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 Securities Exchange Act of 1934, as amended), may not exceed forty percent (40%) of the aggregate number of Subordinate Voting Shares, Multiple Voting Shares and Super

Voting Shares issued and outstanding after giving effect to such conversions provided that the Board is permitted to increase the threshold to up to fifty percent (50%) of the aggregate number of Subordinate Voting Shares, Super Voting Shares and Multiple Voting Shares issued and outstanding after giving effect to such conversions, which election the Board has previously made (the “**FPI Restriction**”).

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 holders of Subordinate Voting Shares in a given province or territory of Canada to which these requirements apply, each Multiple Voting Share shall become convertible at the option of the holder into Subordinate Voting Shares 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 shall be automatically reconverted, without further intervention on the part of the Company or on the part of the holder, into Multiple Voting Shares at the inverse of the Conversion Ratio then in effect.

On July 15, 2020 the Company amended its Articles to remove the FPI Restriction applicable to the conversion of Multiple Voting Shares into Subordinate Voting Shares enabling holders of Multiple Voting Shares into Subordinate Voting Shares who are U.S. Residents to commence requesting conversions of Multiple Voting Shares into Subordinate Voting Shares on January 1, 2021.

The Company
Redemption Right:

The Company will be entitled to redeem Multiple Voting Shares of an “Unsuitable Person” in certain circumstances. See “Redemption Right from the Company Unsuitable Person“

Description of Super Voting Shares

Right to Vote:

Holders of Super Voting Shares are entitled to notice of and to attend at any meeting of the shareholders of the Company, except a meeting of which only holders of another particular class or series of shares of the Company will have the right to vote. At each such meeting, holders of Super Voting Shares are entitled to 10 votes in respect of each Subordinate Voting Share

into which such Super Voting Share could ultimately then be converted (currently 1,000 votes per Super Voting Share held).

Class Rights:

As long as any Super Voting Shares remain outstanding, the Company will not, without the consent of the holders of the Super Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Super Voting Shares. Additionally, consent of the holders of a majority of the outstanding Super Voting Shares will be required for any action that authorizes or creates shares of any class having preferences superior to or on a parity with the Super Voting Shares. In connection with the exercise of the voting rights in respect of any such approvals, each holder of Super Voting Shares will have one vote in respect of each Super Voting Share held. The holders of Super Voting Shares 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, bonds, debentures or other securities of the Company not convertible into Super Voting Shares.

Dividends:

The holders of the Super Voting Shares are entitled to receive such dividends as may be declared and paid to holders of the Subordinate Voting Shares in any financial year as the Board may by resolution determine, on an as-converted to Subordinate Voting Share basis. No dividend will be declared or paid on the Super Voting Shares unless the Company simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Subordinate Voting Share basis) on the Multiple Voting Shares and Subordinate Voting Shares.

Participation:

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of Super Voting Shares will, subject to the prior rights of the holders of any shares of the Company ranking in priority to the Super Voting Shares, be entitled to participate rateably along with all other holders of Super Voting Shares (on an as-converted to Subordinate Voting Share basis), Subordinate Voting Shares and Multiple Voting Shares (on an as-converted to Subordinate Voting Share basis).

Changes:

No subdivision or consolidation of Subordinate Voting Shares, Multiple Voting Shares or Super Voting Shares shall occur unless, simultaneously, Subordinate Voting Shares, Multiple Voting Shares and Super 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: Each Super Voting Share has a right to convert into one Multiple Voting Share subject to customary adjustments for certain corporate changes.

Conversion at the option of the Company: The Company has the right to convert all or some of the Super Voting Shares from a holder of Super Voting Shares into an equal number of Subordinate Voting Shares subject to customary adjustments for certain corporate changes:

upon the transfer by the holder thereof to anyone other than (i) an immediate family member of the Initial Holder or a transfer for purposes of estate or tax planning to a company or person that is wholly beneficially owned by an Initial Holder or immediate family members of the Initial Holder or which an Initial Holder or immediate family members of the Initial Holder are the sole beneficiaries thereof; or (ii) a party approved by the Company (together with the Initial Holders, "**Permitted Holders**"); or

if at any time the aggregate number of issued and outstanding Super Voting Shares beneficially owned, directly or indirectly, by an Initial Holder of the Super Voting Shares and the Initial Holder's predecessor or transferor, permitted transferees and permitted successors, divided by the number of Super Voting Shares beneficially owned, directly or indirectly, by the holder (and the Initial Holder's predecessor or transferor, permitted transferees and permitted successors) as at the date of completion of the Reverse Takeover is less than 50%. The Initial Holders of Super Voting Shares will, from time to time upon the request of the Company, provide to the Company evidence as to such Initial Holders' direct and indirect beneficial ownership (and that of its permitted transferees and permitted successors) of Super Voting Shares to enable the Company to determine if its right to convert has occurred. For purposes of these calculations, a holder of Super Voting Shares will be deemed to beneficially own Super Voting Shares held by an intermediate company or fund in proportion to their equity ownership of such company or fund, unless such company or fund holds such shares for the benefit of such holder, in which case they will be deemed to own 100% of such shares held for their benefit

The Company is not required to convert Super Voting Shares on a pro-rata basis among the holders of Super Voting Shares.

Redemption Right from the Company Unsuitable Person

The Company has a redemption right for Subordinate Voting Shares, Multiple Voting Shares and/or Super Voting Shares to allow the Company to comply with applicable licensing regulations. The purpose of the redemption right is to provide the Company with a means of protecting itself from having a shareholder, or as determined by the Board, a group of shareholders acting jointly or in concert (a "**Company Unsuitable Person**") with an ownership interest of, whether of record or beneficially (or having the power to exercise control or direction over), five percent (5%) or

more of the issued and outstanding shares of the Company (calculated on as-converted to Subordinate Voting Share basis), who a governmental authority granting licenses to the Company (including to any subsidiary) has determined to be unsuitable to own shares, or whose ownership of Subordinate Voting Shares or Multiple Voting Shares may result in the loss, suspension or revocation (or similar action) with respect to any licenses relating to the Company's conduct of business (being the conduct of any activities relating to the cultivation, processing and dispensing of cannabis and cannabis, derived products in the United States, which include the owning and operating of cannabis licenses) or in the Company 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.

The terms of the Subordinate Voting Shares, Multiple Voting Shares and/or Super Voting Shares provide the Company with a right, but not the obligation, at its option, to redeem Subordinate Voting Shares and/or Multiple Voting Shares held by a Company Unsuitable Person at the redemption price described below. This right is required in order for the Company to comply with regulations in various jurisdictions where the Company conducts business or is expected to conduct business, which provide that the shareholders of a company requiring a license who hold over a certain percentage threshold of the issued and outstanding shares of the Company cannot be deemed "unsuitable" by the applicable governmental authority issuing the license in order for such company's license to be issued and to remain valid and in effect.

A redemption notice may be delivered by Company to the Company Unsuitable Person and will set forth: (i) the redemption date; (ii) the number of Subordinate Voting Shares, Multiple Voting Shares and/or Super Voting Shares to be redeemed; (iii) the formula pursuant to which the redemption price will be determined and the manner of payment therefor; (iv) the place where such Subordinate Voting Shares, Multiple Voting Shares and/or Super Voting 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 Company Valuation Opinion (as defined below) (if the Company is no longer listed on the CSE or another recognized securities exchange); and (vi) any other requirement of surrender of the redeemed shares.

The redemption notice will be sent to the Company Unsuitable Person not less than 30 trading days prior to the redemption date, except as otherwise provided below. The Company will send a written notice confirming the amount of the redemption price as soon as possible following the determination of such redemption price. The redemption notice may be conditional such that the Company need not redeem the Subordinate Voting Shares, Multiple Voting Shares and/or Super Voting Shares on the redemption date if the Board determines, in its sole discretion, that such redemption is no longer advisable or necessary. For purposes of the foregoing, "Fair Market Value" means: (i) the volume weighted average trading price (VWAP) of the Subordinate Voting Shares during the five (5) trading day period immediately after the date of the redemption notice on the CSE or other national or regional securities exchange on which the Subordinate Voting Shares are listed (divided by 100 in the case of the Multiple Voting Shares and the Super Voting Shares), (ii) if no such quotations are available, the fair market value per share of such Subordinate Voting Shares, Multiple Voting Shares and/or Super Voting Shares as set forth in a valuation and fairness opinion ("**Company Valuation 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 Company or its affiliates) or a disinterested nationally recognized

accounting firm.

The redemption date will be not less than 30 trading days from the date of the redemption notice unless a governmental authority requires that the Subordinate Voting Shares, Multiple Voting Shares and/or Super Voting 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 Company will issue an amended redemption notice reflecting the new redemption date forthwith.

From and after the date the redemption notice is delivered, a Company Unsuitable Person owning Subordinate Voting Shares, Multiple Voting Shares and/or Super Voting Shares called for redemption will cease to have any voting rights. From and after the redemption date, any and all rights of any nature which may be held by a Company Unsuitable Person with respect to such person's Subordinate Voting Shares, Multiple Voting Shares and/or Super Voting Shares will cease and, thereafter, the Company Unsuitable Person will be entitled only to receive the redemption price, without interest, on the redemption date; provided, however, that if any such Subordinate Voting Shares, Multiple Voting Shares and/or Super Voting Shares come to be owned solely by persons other than a Company Unsuitable Person (such as by transfer of such Subordinate Voting Shares and/or Multiple Voting Shares to a liquidating trust, subject to the approval of any applicable governmental authority), such persons may exercise voting rights of such Subordinate Voting Shares and/or Multiple Voting Shares and the Board may determine, in its sole discretion, not to redeem such Subordinate Voting Shares. The Company's redemption right is unilateral. Unless a Company Unsuitable Person otherwise disposes of his, her or its Subordinate Voting Shares, Multiple Voting Shares and/or Super Voting Shares, such Company Unsuitable Person cannot prevent the Company from exercising its redemption right. Following redemption, the redeemed Subordinate Voting Shares, Multiple Voting Shares and/or Super Voting Shares will be cancelled.

If the Company exercises its right to redeem Subordinate Voting Shares, Multiple Voting Shares and/or Super Voting Shares from a Company Unsuitable Person: (i) the Company may fund the redemption price, which may be substantial in amount in certain circumstances, from its existing cash resources, the incurrence of indebtedness, the issuance of additional securities including debt securities, the issuance of a promissory note issued to the Company Unsuitable Person or a combination of the foregoing sources of funding; (ii) the number of Subordinate Voting Shares, Multiple Voting Shares and/or Super Voting Shares outstanding will be reduced by the number of applicable shares redeemed; and (iii) the Company cannot provide any assurance that the redemption will adequately address the concerns of any governmental authorities or enable the Company to make all required governmental filings or obtain and maintain all licenses, permits or other governmental approvals that are required to conduct its business. The Company cannot prevent a Company Unsuitable Person from acquiring or reacquiring shares, and can only address such unsuitability by exercising its redemption rights pursuant to the redemption provision. To the extent required by applicable laws, the Company 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.

A holder of the Subordinate Voting Shares and/or Multiple Voting Shares is prohibited from acquiring or disposing of five percent (5%) or more of the issued and outstanding shares of the Company (calculated on an as-converted to Subordinate Voting Share basis), directly or indirectly, in one or more transactions, without providing fifteen days advance written notice to the Company by mail sent to the Company's registered office to the attention of the Corporate Secretary. The foregoing restriction does not apply to the ownership, acquisition or disposition of

shares as a result of: (i) transfer of Subordinate Voting Shares and/or Multiple Voting Shares occurring by operation of law including, inter alia, the transfer of Subordinate Voting Shares and/or Multiple Voting Shares to a trustee in bankruptcy; (ii) an acquisition or proposed acquisition by one or more underwriters or portfolio managers who hold Subordinate Voting 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 the foregoing restriction; or (iii) conversion, exchange or exercise of securities of the Company following the Reverse Takeover (other than the Subordinate Voting Shares) duly issued or granted by the Company, into or for Subordinate Voting Shares, in accordance with their respective terms. If the Board reasonably believes that any such holder of the Subordinate Voting Shares and/or Multiple Voting Shares may have failed to comply with the foregoing restrictions, the Company may apply to the Supreme Court of British Columbia, or such other court of competent jurisdiction for an order directing that such shareholder disclose the number of Subordinate Voting Shares held.

Notwithstanding the adoption of the proposed redemption provisions, the Company may not be able to exercise its redemption rights in full or at all. Under the British Columbia *Business Corporations Act* (the “**BCBCA**”), a corporation may not make any payment to redeem shares if there are reasonable grounds for believing that the Company is unable to pay its liabilities as they become due in the ordinary course of its business or if making the payment of the redemption price or providing the consideration would cause the company to be unable to pay its liabilities as they become due in the ordinary course of its business. In the event that restrictions prohibit the Company from exercising its redemption rights in part or in full, the Company will not be able to exercise its redemption rights absent a waiver of such restrictions, which the Company may not be able to obtain on acceptable terms or at all.

MARKET FOR SECURITIES

Trading Price and Volume

The Subordinate Voting Shares of the Company are traded on the CSE under the symbol “VREO.” The following table sets forth trading information for the Subordinate Voting Shares for the periods indicated, as quoted on the CSE from March 2019 (when the Company completed its Reverse Takeover) up to December 2019.

Period	High Trading Price (C\$)	Low Trading Price (C\$)	Volume (#)
March 2019	6.45	4.66	7,781,596
April 2019	6.87	4.64	3,947,511
May 2019	5.48	4.01	2,538,916
June 2019	4.51	2.95	6,494,766
July 2019	3.45	2.66	1,532,878
August 2019	2.84	1.55	3,427,707
September 2019	2.62	1.52	3,372,337
October 2019	2.05	1.47	942,476
November 2019	1.98	1.20	10,630,748
December 2019	1.55	1.05	3,647,962

Prior Sales

The following tables set forth the issuances of unlisted securities of the Company during the financial year ended December 31, 2019.

Date Issued	Number of Securities	Price per Security	Class of Security
December 2, 2019	740,000	US\$1.13	Stock Options ⁽¹⁾
November 7, 2019	10,000,000	US\$1.02	Incentive Warrants ⁽²⁾
November 7, 2019	2,500,000	US\$3.81	Incentive Warrants ⁽²⁾
November 7, 2019	2,500,000	US\$5.86	Incentive Warrants ⁽²⁾

Notes:

- (1) Stock options exercisable for Subordinate Voting Shares ("**Stock Options**") granted to Shaun Nugent, former Chief Financial Officer of the Company.
- (2) Incentive warrants exercisable for Subordinate Voting Shares ("**Incentive Warrants**") granted to Bruce Linton as incentive-based compensation for his appointment of Executive Chairman.
- (3) Stock Options granted to directors and officers of the Company.

DIRECTORS AND OFFICERS

The following table lists the names, municipalities of residence of the directors and executive officers of the Company, their positions and offices to be held with the Company, and their principal occupations during the past five (5) years and the number of securities of the Company that are beneficially owned, directly or indirectly, or over which control or direction may be exercised by each.

Name, Municipality of Residence and Position Held	Principal Occupation for Past Five Years	Director/Officer of the Company Since	Number and Percentage of Super Voting, Multiple Voting and/or Subordinate Voting Shares (as applicable) Beneficially Owned or Controlled ⁽¹⁾
Dr. Kyle Kingsley Chief Executive Officer, Director and Chair of the Board Minnesota, USA	Founder, Chief Executive Officer and Director of the Company (2014 – Present)	March 18, 2019	65,411 Super Voting Shares (100%) ⁽²⁾

<p>Bruce Linton, former Director and former Executive Chairman of the Board⁽³⁾</p>	<p>Former CEO of Canopy Growth Corporation and co-founder of Tweed Marijuana Incorporated</p>	<p>Ceased to be Executive Chairman on June 8, 2020 and as a director on June 11, 2020</p>	<p>246,973 Subordinate Voting Shares (0.66%)(4)</p>
<p>Chelsea Grayson Director California, USA</p>	<p>Chief Executive Officer, Swift Brands (2020 – present), Chief Executive Officer & Board Member, True Religion Brand Jeans (2017-2019), Chief Executive Officer, American Apparel (2016 – 2017), General Counsel, Chief Administrative Officer & Executive Vice President, American Apparel (2014 – 2016)</p>	<p>March 18, 2019</p>	<p>Nil⁽⁵⁾</p>
<p>Ross Hussey Director Minnesota, USA</p>	<p>Attorney, Smith Jadin Johnson, PLLC (2019 – Present); Attorney, Benson, Kerrane Storz & Nelson, PC (2015 – 2019)</p>	<p>June 15, 2020</p>	<p>16,803 Multiple Voting Shares (3.06%)</p>
<p>Judd Nordquist Director Minnesota, USA</p>	<p>CEO, Mandala Global Advisors</p>	<p>March 18, 2019</p>	<p>845 Multiple Voting Shares (0.2%) 23,530 Subordinate Voting Shares (0.1%)(6)</p>
<p>Amber Shimpa Chief Administrative Officer and Director Minnesota, USA</p>	<p>Chief Administrative Officer and Director of the Corporation</p>	<p>March 18, 2019</p>	<p>8,521 Multiple Voting Shares (1.66%) and 25,530 Subordinate Voting Shares (0.1%)(7)</p>

<p>Christian González Ocasio Executive Vice-President, Operations Puerto Rico, USA</p>	<p>Executive Vice President, Operations of the Corporation since September 2019. Vice President, Manufacturing of the Corporation from June 2019 until September 2019. December 2017 until June 2019, General Manager of Pennsylvania Medical Solutions, LLC. CEO of Esmeril Industries LLC since 2008.</p>	<p>September 1, 2019</p>	<p>Nil</p>
<p>John Heller Chief Financial Officer Minnesota, USA</p>	<p>Chief Financial Officer, Lift Brands (2016 – 2020); Senior Vice President of Finance and Treasurer, Life Time Fitness, Inc. (1997 – 2016)</p>	<p>July 6, 2020</p>	<p>Nil</p>
<p>Shaun Nugent Former Chief Financial Officer Minnesota, USA</p>	<p>President and Chief Financial Officer, AllOver Media (2013 – 2018); Managing Director, 16Vente Advisors (2018 – 2019)</p>	<p>Ceased to be Chief Financial Officer on June 5, 2020</p>	<p>Nil⁽⁸⁾</p>
<p>Patrick Peters Senior Vice President, Retail New York, USA</p>	<p>Regional Director, Rue 21 (June 2018 – July 2019); Financial Planner, Northwest Mutual (June 2017 – March 2018); Chief Operating Officer and Vice President of Retail, Costume SuperCenter (2013 – 2017)</p>	<p>November 2019</p>	<p>Nil</p>

<p>Michael Schroeder General Counsel and Chief Compliance Officer Florida, USA</p>	<p>General Counsel, Secretary and Chief Compliance Officer of the Corporation and its predecessor since July 2018. General Counsel, Secretary and Chief Compliance Officer of Deluxe Corporation (July 2014 – February 2018).</p>	<p>March 18, 2019</p>	<p>Nil⁽⁹⁾</p>
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Notes:

- (1) The information as to principal occupation, business or employment and the Shares beneficially owned or controlled is not within the knowledge of the management of the Corporation and has been furnished by the respective directors or executive officers.
- (2) Dr. Kingsley also holds Stock Options exercisable at \$0.33 to purchase 5,100,821 Subordinate Voting Shares, expiring May 1, 2023.
- (3) Mr. Linton was appointed as Executive Chairman and a director on November 7, 2019. His employment as Executive Chairman ended on June 8, 2020. He resigned as a director on June 11, 2020.
- (4) Mr. Linton also holds Incentive Warrants exercisable at (i) \$1.02 to purchase an additional 10,000,000 Subordinate Voting Shares (ii) \$3.81 to purchase an additional 2,500,000 Subordinate Voting Shares (iii) \$5.86 to purchase an additional 2,500,000 Subordinate Voting Shares all expiring June 8, 2021.
- (5) Ms. Grayson also holds Stock Options exercisable at \$0.77 to purchase an additional 205,459 Subordinate Voting Shares, expiring September 10, 2030.
- (6) Mr. Nordquist also holds Stock Options exercisable at \$0.77 to purchase an additional 205,459 Subordinate Voting Shares, expiring September 10, 2030.
- (7) Ms. Shimpa also holds Stock Options exercisable at \$0.19 to purchase an additional 1,050,168 Subordinate Voting Shares, expiring December 31, 2027, and Stock Options exercisable at \$0.33 to purchase an additional 1,860,300 Subordinate Voting Shares, expiring April 30, 2028.
- (8) Mr. Nugent also holds Stock Options exercisable at \$US1.13 to purchase 740,000 Subordinate Voting Shares expiring on December 2, 2019.
- (9) Mr. Schroeder also holds Stock Options exercisable at US\$0.33 to purchase 1,050,170 Subordinate Voting Shares, 450,073 of which expire October 1, 2028 and 600,097 of which expire December 1, 2028.

All of the directors of the Company will be appointed to hold office until the next annual general meeting of shareholders or until their successors are duly elected or appointed, unless their office is earlier vacated.

Board Committees

The Company currently has an audit committee, a compensation committee, and a nominating and corporate governance committee. The members of each is set out below.

Name of Member	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
Ross Hussey		✓	✓
Chelsea Grayson	✓	✓	✓
Judd Nordquist	✓		
Amber Shimpa			✓

Audit Committee

The audit committee assists the Board of Directors in fulfilling its responsibilities for oversight of financial and accounting matters and reporting process and internal controls for the Company and ensuring the adequacy and effectiveness of the Company's risk management programs. The audit committee reviews the financial reports and other financial information provided by the Company to regulatory authorities and its shareholder and reviews the Company's system of internal controls regarding finance and accounting including auditing, accounting and financial reporting processes.

Composition of the Audit Committee

The members of the Audit Committee include the following directors. Also indicated is whether they are "independent" and "financially literate" within the meaning of National Instrument 52-110 – *Audit Committees* ("NI 52-110").

Name of Member	Independent ¹	Financially Literate ²
Chelsea Grayson	Yes	Yes
Judd Nordquist	Yes	Yes

Notes:

- (1) A member of the Audit Committee is independent if he or she has no direct or indirect 'material relationship' with the Company. A material relationship is a relationship which could, in the view of the Board of Directors, reasonably interfere with the exercise of a member's independent judgment. An executive officer of the Company, such as the Chief Executive Officer or Chief Financial Officer, is deemed to have a material relationship with the Company.
- (2) A member of the Audit Committee is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Corporate Cease Trade Orders or Bankruptcies; Penalties or Sanctions; Personal Bankruptcies

Except as set out below, no director or executive officer of the Company or a shareholder holding

a sufficient number of securities of the Company to affect materially the control of the Company is, or within 10 years before the date of this AIF has been, a director or officer of any other company that, while the person was acting in that capacity:

- I. was the subject of a cease trade or similar order, or an order that denied the other company access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days;
- II. was the subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- III. 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; or
- IV. 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.

Ms. Grayson served as she was Chief Executive Officer and a board member of American Apparel (formerly NYSE: APP). In 2015, American Apparel filed for Chapter 11 bankruptcy protection during Ms. Grayson's tenure as Chief Executive Officer.

In 2011, Mr. Schroeder filed a bankruptcy petition under Chapter 7 of Title 11 of the United States Code in connection with his personal guarantee of real estate development projects and the inability to refinance related indebtedness. In June of 2012, the bankruptcy was discharged.

No director or executive officer of the Company, or a shareholder holding sufficient securities of the Company to affect materially the control of the Company, has been subject to: (i) 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 (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Conflicts of Interest

Conflicts of interest may arise as a result of the directors, officers and promoters of the Company also holding positions as directors or officers of other companies. Some of the individuals that are directors and officers of the Company have been and will continue to be engaged in the identification and evaluation of assets, businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers of the Company will be in direct competition with the Company. Conflicts, if any, will be subject to the procedures and remedies provided under BCBCA. The Company's Code of Ethics and Business Conduct prohibits conflicts of interest except under certain limited circumstances and requires prompt disclosure of any actual or possible conflicts of interest.

Directors and Management

Brief descriptions of the biographies for all of the directors and officers of the Company are set out below:

Dr. Kyle Kingsley, Chief Executive Officer, Chair of the Board of Directors and Director (Age 45)

Dr. Kyle E. Kingsley is a board-certified emergency medicine physician and founder of the Company. Dr. Kingsley has served as CEO and a director of Vireo (and its predecessor Vireo U.S./Minnesota Medical Solutions LLC) since July 2014. Dr. Kingsley has expansive experience in starting medical cannabis companies in well-regulated, limited-license states with narrow timelines for implementation. Dr. Kingsley has been involved with all aspects of medical cannabis implementation, from horticulture and manufacturing to finance and policy. Dr. Kingsley's primary goal is to build mainstream, cannabis-based, alternatives to opioids, alcohol, and tobacco.

Dr. Kingsley's extensive experience with opioid pain medications and alcohol in the emergency department setting was a major reason for his desire to build a physician-led, science-focused cannabis company. Simultaneously with his emergency medicine staffing responsibilities, Dr. Kingsley founded and developed multiple companies including Clinical Scribes LLC, a medical scribe documentation training and implementation company, which he founded in 2007. Clinical Scribes LLC and its offshoot Medical Scribe Training Systems focus on efficient training of medical professionals, specifically medical scribes. Expertise developed in this setting has led to direct benefits for Vireo which is building an industry-leading, medically-sound, employee education system. Dr. Kingsley is also the author of a wide array of scientifically robust medical scribe training textbooks, "The Ultimate Medical Scribe Handbook" series, which is used by companies across the country to train their medical scribes. Dr. Kingsley also founded MedMacros LLC in 2012, a medical documentation augmentation company that provides physicians and other healthcare providers with online templates to improve documentation speed and comprehensiveness. Dr. Kingsley also brings medical device start up expertise via Doctor Sly LLC, a company focused on development of intellectual property for simple cooling devices used to treat common medical conditions. Currently MigraineBox is a potential treatment for headaches by way of simple cooling of the head and neck. Dr. Kingsley obtained a patent for this method of cooling.

Dr. Kingsley received a Bachelor of Science degree in Biochemistry and a Bachelor of Arts degree in German from University of Minnesota in Duluth and received a Doctor of Medicine degree from the University of Minnesota, Twin Cities. During his time at the University of Minnesota, Duluth, Dr. Kingsley worked extensively in a biochemistry laboratory and developed expertise in HPLC and other laboratory techniques that are directly applicable to the medical cannabis industry.

Chelsea A. Grayson, Director (Age 49)

Chelsea A. Grayson is the Chief Executive Officer of Swift Brands, a business platform that enables brands to streamline their go-to-market strategies and data science practices, an Executive-in-Residence at BounceX, a leading marketing technologies provider, a member of the board of Spark Networks, where she sits on the nominating and corporate governance committee, a member of the UCLA Board of Visitors for the English Department and a Board Leadership Fellow and Corporate Governance Fellow with the National Association of Corporate Directors (NACD). From November 2018 to June 2019, she served as She was previously CEO and a board member of True Religion, Inc. (formerly NASDAQ: TRLG), where she chaired the audit

committee. Prior to taking the role with True Religion, Ms. Grayson served as CEO and a board member of American Apparel (formerly NYSE: APP). American Apparel filed for Chapter 11 bankruptcy protection during Ms. Grayson's tenure as CEO. Before joining American Apparel, Ms. Grayson was a partner in the Mergers and Acquisitions practice group of Jones Day from 2007 to 2012. Ms. Grayson has served on the Board of Directors since March 2019, and is Chair of the Nominating and Corporate Governance Committee and a member of the Compensation and Audit Committees.

Ross Hussey, Director (Age 42)

Ross Hussey is an attorney with over 15 years of experience who practices in multiple states and jurisdictions and focuses primarily on complex litigation and representing private businesses. He has practiced with Smith Jadin Johnson, PLLC since June 2019. From April 2015 through May 2019, he practiced with Benson, Kerrane, Storz & Nelson, PC. Mr. Hussey is a founding member of Vireo U.S. where he helped create and launch Minnesota Medical Solutions, LLC. Mr. Hussey previously served as General Counsel for Minnesota Medical Solutions from December of 2014 to March of 2016 before returning to private practice. He also has prior government relations experience and was involved in the implementation of the medical cannabis program in Minnesota. Mr. Hussey holds a B.A. in political science from Gustavus Adolphus College and received a J.D. from William Mitchell College of Law. He has served as a director of Vireo since June 15, 2020 and sits on the Compensation and Nominating & Governance Committees.

Judd Nordquist, Director (Age 50)

Judd Nordquist is a Certified Public Accountant with more than 25 years of experience. He sits on the Abdo, Eick & Meyers LLP Leadership Board and leads the manufacturing, distribution and agriculture segment of the firm where he is responsible for setting the strategic plan and delivering results. He specializes in providing services in the areas of: Merger and Acquisitions, accounting, auditing, tax-efficient planning, budgeting, planning and entrepreneurial consulting services through-out North America. Mr. Nordquist graduated from Minnesota State University, Mankato with a Bachelor of Science in Accounting and is a member of the American Institute of Certified Public Accountants, the Minnesota Society of Certified Public Accountants and DFK International.

Amber Shimpa, Chief Administrative Officer and Director (Age 41)

Amber H. Shimpa has served as the Chief Administrative Officer for Vireo since December 2019. From January 2015 through December 2019, Ms. Shimpa served as the Company's Chief Financial Officer. As Chief Administrative Officer, she leads Vireo's human resources and business administration teams and further drives the integration of people and culture for the Company. She works closely with Dr. Kingsley, in his role as CEO, to perpetuate Vireo's core values and culture as its workforce continues to rapidly expand. Ms. Shimpa spearheads Vireo's Corporate Social Responsibility initiatives and Diversity and Inclusion programs. Ms. Shimpa currently serves on the Company's Board and is a member of the Nominating and Governance Committee. Ms. Shimpa has 14 years of experience as a financial services professional with various commercial and investment banking organizations. Prior to joining Vireo, Ms. Shimpa spent nine years as Vice President of a \$1.6 billion bank focused on commercial, nationwide lending. Her experience in the highly regulated banking environment has engrained quality and control in her leadership and financial management approach. Banking is often seen as a challenge for operators within the cannabis industry. Ms. Shimpa's understanding of the strict compliance requirements in the banking industry, coupled with the Company's scientific and safe medical model, have led to welcoming discussions with banks, and ultimately the first known open

banking relationship with a cannabis-related company in the U.S. Ms. Shimpa holds a Bachelor of Arts degree in Business from the University of North Dakota.

Christian González Ocasio, Director (Age 40)

Christian González is an engineer and manufacturing entrepreneur with over 15 years of experience in the medical device, pharmaceutical and aerospace/defense industries. He has served as Vireo's Executive Vice President, Operations since September 2019. Prior to that, he served as Vice President, Manufacturing Operations from June of 2019 until September of 2019. From December 2017 until June 2019, Mr. González served as General Manager of Pennsylvania Medical Solutions, LLC, a former subsidiary of Vireo. Mr. González founded and has served as the Chief Executive Officer of Esmeril Industries LLC, a successful Medical Device/Aerospace component manufacturing company since 2008. Mr. González's knowledge of the startup process, thorough understanding of good manufacturing methods/practices, and commitment to quality are useful tools in the ever-evolving medical device and pharmaceutical industries. At Vireo, Mr. González is involved in everything from strategic planning and capital raising efforts to mergers and acquisition activities. As Executive Vice President of Operations, Mr. González helps drive and achieve operational, manufacturing and revenue goals in line with the company's vision. Mr. González has a Bachelor's of Science degree in Mechanical Engineering from the University of Puerto Rico.

John Heller, Chief Financial Officer (Age 52)

John A. Heller has been serving as the Chief Financial Officer of Vireo since July 2020. Mr. Heller has 30 years of experience managing finance, accounting, IT, and business information functions in a variety of public and private companies. Prior to joining Vireo, Mr. Heller served as the Chief Financial Officer of Lift Brands, Inc., a worldwide fitness center franchisor. From June 1998 through April 2016, Mr. Heller served as Senior Vice President of Finance and Treasurer of Life Time Fitness, Inc. He began his career as a public accountant and Certified Public Accountant working for Arthur Andersen in Minneapolis, Minnesota. Mr. Heller has been involved in raising over \$2 billion of capital through public and private equity, senior and subordinated debt, real estate financing, and sale leasebacks. Mr. Heller has a Bachelor of Science degree in Accounting from St. John's University in Collegeville, MN.

Patrick Peters, Senior Vice President, Retail (Age 46)

Patrick Peters is a highly driven retail executive with experience in industry-leading brands across diverse market segments. Mr. Peters is experienced in developing innovative and effective solutions to drive continuous improvement and financial results. Mr. Peters has been serving as Senior Vice President of Retail, Wholesale, and E-Commerce at Vireo since November of 2019. Prior to that, from June 2018 to July 2019, Mr. Peters served as the Regional Director of Rue 21, where he managed Rue21's retail locations on the East Coast. Mr. Peters served as a Financial Planner at Northwest Mutual from June 2017 to March 2018, where he assisted individuals with life insurance and financial planning. From June 2013 to February 2017, Mr. Peters served as Chief Operating Officer and Vice President of Retail at Costume SuperCenter, where he focused on growing infrastructure of new e-commerce retail acquisition.

Michael Schroeder, Chief Compliance Officer & General Counsel (Age 53)

Michael Schroeder has been serving as Vireo's (and its predecessor) General Counsel, Secretary and Chief Compliance Officer since July 2018 .Michael Schroeder is an attorney with over 27

years of experience, including six years in law firms and 21 years in house at four companies, serving as General Counsel of two other publicly traded companies.

From July 2014 through February 2018, Mr. Schroeder served as General Counsel, Secretary and Chief Compliance Officer of Deluxe Corporation. Mr. Schroeder has expertise in a wide variety of substantive areas of the law, including corporate structuring and transactions, mergers and acquisitions, securities, employment, contracts, real estate, capital markets, intellectual property, international trade, litigation management, dispute resolution, and administrative law, as well as in managing the legal and regulatory compliance functions and teams for several companies. He has also provided corporate secretarial services for each of his private company employers. Mr. Schroeder joined Vireo for the opportunity to use his legal and compliance expertise to help a growing company navigate a complex industry with robust and ever-changing laws and regulations. Mr. Schroeder received a Bachelor of Science degree, magna cum laude, in Business with a concentration in Finance from the University of Colorado at Boulder and a Juris Doctor degree from Duke University.

PROMOTERS

Kyle Kingsley, Chief Executive Officer, Director and Chair of the Board may be considered a promoter of the Company within the meaning of applicable securities legislation by reason of his initiatives in founding and organizing the Company's business and affairs. As of the date of this AIF, Mr. Kingsley owns 65,411 Super Voting Shares, representing 100% of the outstanding Super Voting Shares as of the date of the Prospectus and Stock Options exercisable to purchase 5,100,821 Subordinate Voting Shares at \$0.33 each, expiring May 1, 2023. In 2019 the Company paid Mr. Kingsley a salary of \$360,000 and in 2018 the Company paid Mr. Kingsley a salary of \$198,462. Mr. Kingsley's salary for 2020 is \$360,000.

Vireo U.S. entered into a membership interest purchase agreement with Kyle Kingsley and David Kingsley in November 2018 for the purchase by Vireo U.S. of all of the issued and outstanding membership interests of Midwest Hemp Research LLC for \$50,000 payable on the closing of the Midwest Hemp transaction, in the form of convertible promissory notes in the original principal amount of \$25,000 for each of Kyle Kingsley and David Kingsley (the "**Notes**"). The Notes contained certain conversion features related to the Transaction. In July 2020, this transaction was reversed and ownership of Midwest Hemp Research LLC was transferred back to Kyle Kingsley and David Kingsley and the Notes were canceled.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

As of the date of this AIF, to the Company's knowledge, there are no legal proceedings or regulatory actions material to the Company to which it is a party, or has been a party to, or of which any of its property is or was the subject matter of, and no such proceedings or actions are known by the Company to be contemplated except as provided below.

Schneyer Litigation

On February 25, 2019, Dr. Mark Schneyer ("**Schneyer**") filed a lawsuit in Minnesota District Court, Fourth District, on his own behalf and, derivatively, on behalf of Dorchester Capital, LLC, naming the Company's subsidiaries Vireo U.S., Dorchester Management, LLC ("**Dorchester**

Management) and Dorchester Capital, LLC (**Capital**), as defendants. The essence of the claims made by Schneyer is Vireo U.S. paid an inadequate price for MaryMed, LLC (**MaryMed**), which it purchased from Capital in 2018, and that the consideration given; shares of preferred stock in Vireo U.S., was distributed inappropriately by Capital at the direction of Dorchester Management (the managing member of Capital). Schneyer, a Class B member of Capital, is seeking unspecified damages in excess of \$50,000 and other relief.

Simultaneously with the complaint, Schneyer filed a motion seeking a temporary restraining order (**TRO**) to prevent the “further transfer” of MaryMed which would, Schneyer claimed, occur if the Reverse Takeover were to proceed. The Court held a hearing on the motion for TRO on March 5, 2019 and denied the motion on the same day.

Weeks prior to commencement of the litigation, Dorchester Management had appointed a special litigation committee (**SLC**) on behalf of Capital to investigate the consideration provided by Vireo U.S. for the purchase of MaryMed and assess any potential claims Capital may have as a result of the transaction. The SLC, a retired judge who engaged another retired judge as legal counsel to the SLC, was appointed in accordance with Minnesota law and has done extensive work in evaluating certain of Schneyer’s claims.

Vireo U.S. has filed motions to dismiss the complaint and to stay the proceedings pending the completion of the SLC process. The motion to dismiss has not yet been decided and the motion to stay was granted on November 23, 2019. Vireo believes that Schneyer’s claims lack merit and expects to be vindicated in the SLC process or, in the alternative, prevail in the litigation if and when it proceeds. However, should vireo not ultimately prevail, it is not possible to estimate the amount or range of any potential loss, if any.

Keystone ReLeaf Litigation

On May 1, 2020, PDS, the Company’s licensed dispensary subsidiary operating in Pennsylvania, filed a motion to intervene in an appeal brought by Keystone ReLeaf, LLC (**ReLeaf**). The appeal stems from a final order in the long-pending administrative matter captioned Keystone ReLeaf, LLC v. Pennsylvania Department of Health (**PADOH**). In the administrative matter, ReLeaf challenged PADOH’s scoring of the 2017 applications for dispensary licenses in the northeastern region of Pennsylvania. The order directed PADOH’s Office of Medical Marijuana to rescore certain sections of ReLeaf’s application and award ReLeaf licenses if, upon rescore, ReLeaf’s scores are higher than the scores of the existing licensees. ReLeaf then challenged PADOH’s administrative order, seeking an immediate award of two licenses (for up to six new locations) to ReLeaf or rescission of the existing licenses and a re-score of all applications for the northeast regional dispensary permits.

While there is no direct claim that could result in potential liability for PDS, because of the potential harm to PDS’ business either in terms loss of market share if six new locations are licensed in the region or, alternatively, the possible loss of PADS’ licenses upon re-score, the Company has joined a group of the other northeast region’s licensed dispensaries to efficiently and economically intervene in the appeal and preserve our interests. The Company believes PDS will be successful in defeating ReLeaf’s requests as the merits of their claims are weak; the Company believes that their assertion that PADOH erred in scoring the 2017 applications is based on errors of law and not supported by the facts. More specifically, PDS argues that awarding any new dispensary license in the northeast region or re-scoring ReLeaf’s application would violate Pennsylvania law.

It is not possible at this time to evaluate the likelihood of an unfavorable outcome or estimate the amount or range of potential loss, if any.

Regulatory Actions

Other than as described immediately above, there have been no material penalties or sanctions imposed against the Company or any of its subsidiaries by a court or regulatory authority, and neither the Company nor any of its subsidiaries has entered into any settlement agreements before any court relating to provincial or territorial securities legislation or with any securities regulatory authority, in the three years prior to the date of this AIF.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed herein, no director or executive officer of the Company or person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10 percent of any class or series of the outstanding voting securities of the Company, or any associate or affiliate of any of the foregoing has or had any material interest, direct or indirect, in any transaction within the three most recently completed financial years before the date of this AIF, or in any proposed transaction, which has materially affected or will materially affect the Company or any of its subsidiaries.

Shareholder	Number of Shares and Class of Shares Held	Percentage of Class of Shares Held
Kyle Kingsley, Chief Executive Officer Director and Chair of the Board of Directors	65,411 Super Voting Shares	100%

AUDITORS, TRANSFER AGENTS AND REGISTRARS

Auditors

The auditors of the Company are Davidson & Company LLP, LLC located at 1200-609 Granville St, Vancouver, BC V7Y 1G6. Prior to the Reverse Takeover, the auditors of the Company were MNP LLP, located at 1021 West Hastings Street, Vancouver B.C., V6E 0C3.

Transfer Agent and Registrar

The transfer agent and registrar of the Company's subordinate voting shares is Odyssey Trust Company, located at 835 - 409 Granville Street Vancouver BC V6C 1T2, Canada.

MATERIAL CONTRACTS

During the course of the two years prior to the date of the AIF, the Company has not entered into any material contracts, other than contracts entered into in the ordinary course of business with the exception of:

- the Reverse Takeover Agreement;

- the Coattail Agreement; and
- the Pennsylvania Medical Solutions Sale Agreement.

INTEREST OF EXPERTS

No person or corporation whose profession or business gives authority to a statement made by the person or corporation and who is named as having prepared or certified a part of this AIF or as having prepared or certified a report or valuation described or included in this AIF holds any beneficial interest, direct or indirect, in any securities or property of the Company or of an Associate or Affiliate of the Company and no such person is expected to be elected, appointed or employed as a director, senior officer or employee of the Company or of an Associate or Affiliate of the Company and no such person is a promoter of the Company or an Associate or Affiliate of the Company. Davidson & Company, LLP is independent of the Company in accordance with the rules of professional conduct of the Institute of Chartered Professional Accountants of British Columbia.

OTHER MATERIAL FACTS

Other than as set out elsewhere in this AIF, there are no other material facts about the Company or its respective securities which are necessary in order for this AIF to contain full, true and plain disclosure of all material facts relating to the Company and its respective securities.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com. Information regarding directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under equity compensations plans are contained in Company's Management Information Circular dated June 15, 2020 available on SEDAR at www.sedar.com. Additional financial information regarding the Company is provided in the Company's annual financial statements for the years ended December 31, 2019 and December 31, 2018, and the Company's Management Discussion and Analysis dated May 14, 2020, available on SEDAR at www.sedar.com.

APPENDIX “A” – GLOSSARY

“**ADHS**” means the Arizona Department of Health Services.

“**ADHS MMV**” means the ADHS Medical Marijuana Verification System.

“**adult-use**” has the meaning ascribed thereto in *Description of the Business – The Cannabis Industry and Market Opportunities*.

“**Affiliate**” means a corporation that is affiliated with another corporation as described below. A corporation is an “**Affiliate**” of another corporation if:

- (a) one of them is the subsidiary of the other; or
- (b) each of them is controlled by the same Person. A corporation is “**controlled**” by a Person if:
 - (i) voting securities of the Company are held, other than by way of security only, by or for the benefit of that Person; and
 - (ii) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Company.

A Person beneficially owns securities that are beneficially owned by:

- (a) a corporation controlled by that Person; or
- (b) an Affiliate of that Person or an Affiliate of any corporation controlled by that Person.

“**Amalco**” means the three-cornered amalgamation completed by the Company, B.C. Subco and Canadian Finco.

“**ANR**” means Arizona Natural Resources.

“**Articles**” means the Articles of the Company.

“**ATF**” means the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives.

“**Bank Secrecy Act**” means the *U.S. Currency and Foreign Transactions Reporting Act of 1970*.

“**BCBCA**” means the *Business Corporations Act* (British Columbia).

“**B.C. Subco**” means 1197027 B.C. LTD, a British Columbia corporation and wholly-owned subsidiary of Darien.

“**Board of Directors**” means the Board of Directors of the Company.

“**Canadian Finco**” means Vireo Finco (Canada) Inc.

“**Capital**” means Dorchester Capital, LLC.

“**CBD**” means Cannabidiol.

“**CBP**” means the U.S. Customs and Boarder Protection.

“**CDS**” mean CDS Clearing and Depository Services Inc.

“**Coattail Agreement**” has the meaning ascribed thereto in *Description of the Securities – Take-Over Bid Protection*.

“**Code**” means the United States Internal Revenue Code of 1986, as amended.

“**Cole Memorandum**” means the memorandum dated August 29, 2013, by former DOJ Deputy Attorney General of the Obama Administration, James Cole, providing guidance to federal prosecutors concerning cannabis enforcement under the CSA.

“**Compassionate Use Act**” means the Lynn & Firm Compassionate Use Act.

“**Conversion Ratio**” has the meaning ascribed thereto in *Description of the Securities – Description of Multiple Voting Shares of the Company*.

“**Company Shares**” means Subordinate Voting Shares, Multiple Voting Shares and Super Voting Shares, collectively.

“**Company Unsuitable Person**” has the meaning ascribed thereto in *Description of the Securities – Redemption Right from the Company Unsuitable Person*.

“**Company Valuation Opinion**” has the meaning ascribed thereto in *Description of the Securities – Redemption Right from the Company Unsuitable Person*.

“**CSA**” means the *Controlled Substances Act* (U.S.).

“**CSE**” means the Canadian Securities Exchange.

“**Darien**” means Darien Business Development Corp.

“**Dorchester Management**” means Dorchester Management, LLC.

“**DEA**” means the United States Drug Enforcement Agency.

“**DOJ**” means *the* United States Department of Justice.

“**ERISA**” means the Employee Retirement Income Security Act of 1974 (United States).

“**Exchange Act**” means U.S. Securities Exchange Act of 1934, as amended, and related rules and regulations.

“**FDA**” means the United States Federal Drug Administration.

“**FDCA**” means the *Food, Drug and Cosmetics Act of 1938*.

“**FinCEN**” has the meaning ascribed thereto in *Risk Factors – Risks Related to the Regulatory System and Business Environment for Cannabis*.

“**IIP**” means Innovative Industrial Properties.

“**Initial Holder**” means Kyle Kingsley.

“**Jushi**” means Jushi Holdings, Inc.

“**IRS**” means the U.S. Internal Revenue Service.

“**METRC**” means Franwell Marijuana Enforcement Tracking Regulation and Compliance system.

“**MMCC**” means the Maryland Medical Cannabis Commission.

“**MOU**” has the meaning ascribed thereto in *Risk Factors - Risks Related to the Regulatory System and Business Environment for Cannabis*.

“**Multiple Voting Shares**” means the multiple voting shares of the Company, as described in *Description of the Securities – Description of Multiple Voting Shares of the Company*.

“**NMMCP**” means the New Mexico Medical Cannabis Program.

“**NMDOH**” means the New Mexico Department of Health.

“**Non-U.S. Holder**” means any beneficial owner of Company Shares that is neither a “U.S. Holder” nor an entity treated as a partnership for U.S. federal income tax purposes.

“**Notes**” has the meaning ascribed thereto in *Promoters*.

“**Offering**” has the meaning ascribed thereto in *General Development of the Business – Financing Activities*.

“**OMS**” means “Ohio Medical Solutions”.

“**OTCQX**” means the OTCQX tier of the OTC Markets Group, Inc.

“**PADOH**” MEANS Pennsylvania Department of Health.

“**PAMS**” means Pennsylvania Medical Solutions, LLC.

“**Pennsylvania Medical Solutions Sale Agreement**” has the meaning ascribed thereto in *General Development of the Business – Recent & Pipeline Transactions*.

“**PDS**” means Pennsylvania Dispensary Solutions, LLC, a subsidiary of Vireo.

“**Person**” means any individual, corporation, Company, partnership, unincorporated association, trust, joint venture, governmental body or any other legal entity whatsoever.

“**PTSD**” means post-traumatic stress disorder.

“**Regulatory Board**” means the Medical Cannabis Regulatory Board

“**Reg. No. 9038**” means Regulation No. 9038 issued by the Puerto Rico Department of Health and the Regulatory Board.

“**ReLeaf**” means Keystone ReLeaf, LLC.

“Reverse Takeover” has the meaning ascribed thereto in Corporate Structure.

“Reverse Takeover Agreement” means the business combination agreement entered into among the Company, B.C. Subco, Canadian Finco, Vireo U.S and U.S. Subco on February 13, 2019.

“RMA” means Retail Management Associates, LLC.

“Rohrabacher-Farr” means the “rider” provision passed in the FY 2015, 2016, 2017, 2018, and 2019 Consolidated Appropriations Act to prevent the U.S. Department of Justice from using congressionally appropriated funds to prevent any state or jurisdiction from implementing a law that authorizes the use, distribution, possession, or cultivation of medical marijuana.

“Schneyer” means Dr. Mark Schneyer.

“Sessions Memorandum” means the memorandum dated January 4, 2018, of former United States Attorney General Jeff Sessions rescinding the Cole Memorandum.

“SLC” means Special Litigation Committee.

“Staff Notice 51-352” means Canadian Securities Administrators Staff Notice 51-352 (Revised) Issuers with U.S. Marijuana-Related Activities.

“Subscription Receipt Financing” has the meaning ascribed thereto in General Development of the Business – Corporate History.

“Subscription Receipts” has the meaning ascribed thereto in General Development of the Business – Corporate History.

“Super Voting Shares” means the super voting shares of the Company as described in *Description of the Securities – Description of Super Voting Shares of the Company*.

“Subordinate Voting Shares” means the subordinate voting shares of the Company as described in *Description of the Securities – Description of Subordinate Voting Shares of the Company*.

“T&T” means a track-and-trace system for seed-to-sale.

“Tax Act” means the Income Tax Act (Canada).

“THC” means Tetrahydrocannabinol.

“TRO” means temporary restraining order.

“USRPHC” has the meaning ascribed thereto in Risk Factors – Certain Tax Risks.

“U.S. Holder” means any beneficial owner of Company Shares that is, for U.S. federal income tax purposes: (i) an individual who is a U.S. resident (for U.S. federal income tax purposes) or U.S. citizen; (ii) a corporation, including any entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the U.S., any state within the U.S. or

the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income tax regardless of its source; or (iv) a trust that either (1) is subject to the primary supervision of a U.S. court and the control of one or more “United States persons” (within the meaning of Section 7701(a)(30) of the Code), or (2) has a valid election in effect to be treated as a United States person for U.S. federal income tax purposes.

“**USPTO**” means United States Patent and Trademarks Office.

“**U.S. Subco**” means Darien Merger Sub, LLC means Darien Merger Sub, LLC, a Delaware limited liability company and wholly owned subsidiary of Darien.

“**Vireo Minnesota**” means Vireo Health of Minnesota, LLC, a subsidiary of Vireo.

“**Vireo U.S.**” means Vireo Health, Inc.